Paris, Monday, August 29, 1994

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Rise in U.S. Markets Sets Off Alarm Bells Japanese Trade Talks Hold Dollar's Fate

By Carl Gewirtz

International Herald Tribune
PARIS — To the delight of Wall Street, an unexpected windstorm lifted the prices of stocks, bonds and the dollar last Friday, but leading analysts failed to join the celebration, warning that a hurricane is about to hit the market.

With traders atwitter at news of a buildup in second-quarter inventories, seen as signaling moderating growth and a halt to rising U.S. interest rates, the analysts' message of approaching danger fell on deaf

In the view of the currency specialists, who are sharply divided about whether or Japan has its winners and losers in learning to.

cope with the strong yen, Page 9. not the Federal Reserve Board will need to continue raising short-term rates, the out-look for the dollar depends entirely on the

look for the dollar depends entirely on the outcome of the U.S. Japanese trade talks.

These are simed at reducing Japan's \$60 billion annual trade surplus with the United States. Washington has threatened to impose trade sanctions if there is no agreement by the end of September.

These talks are the key to underlying the

These talks are the key to unlocking the outflow of money for investment from Japan. The failure of the negotiations up to now has resulted in an appreciation of the yen. Although it has been seen as reducing Japan's trade surplus by pricing its goods

out of world markets, the rise in the yen's value has left Japanese investors sitting with huge foreign-exchange losses on their overseas holdings and unwilling to make new investments.

A trade agreement is widely seen as the ssurance Japanese investors are looking for that the incessant neward pressure on the yen has ended. That would free investors to sell yen, depreciating the currency, to buy bonds denominated in dollars and Deutsche marks, on which yields are some

2.5 percentage points higher than at bome. The trade negotiations are the key issue for the dollar's ontlook, analysis agree. And they caution that rumors of success or failure over the coming weeks could create volatile movements in exchange rates.

Analysts concur that a failure would sharply weaken the dollar to a new low of 95 year and drag it down to the low 1.50s against the Deutsche mark. There is a wide difference over what happens if the talks

The dollar's rise last week - up 2.3 percent, at 1.5745 marks, and 1.8 percent, at 100.45 yea — "gives the dollar a better flavor," said Paul Chertkow, Loudonbased analyst at Union Bank of Switzer-

But what happens next, he added, de-pends on the outcome of the trade talks. A successful outcome and "the dollar will rally strongly against the yen, and that will

See DOLLAR, Page 4



U.S. Marines searching Cuban refugees as they arrive at Guantánamo after being picked off rafts in the Florida Straits.

Theft of Nuclear Materials: Did Germans Overstate Danger?

By Rick Atkinson

Washington Post Service

BERLIN — Two weeks after the seizure by German policemen of a large quantity of contraband plutonium, investigators in Europe and the United States have concluded that the threat to public safety from smuggled radioactive materials may have been substantially exaggerated by German officials.

Those investigating the contraband plutonium and enriched uranium confiscated in Germany this summer acknowledge that they still have more ones.

summer acknowledge that they still have more questions than answers about the origins and intended buyers of the material. Nor do they discount the potentially catastrophic consequences of uncurbed

nuclear someging.

Bill Thirdens with officials in Vicuna, Frankfurt,

Bonn, Luxembourg and Washington indicate that although the contraband probably came from Russia, there is no firm evidence that it was diverted from nuclear weapons or weapons productioo lines. Nor is there evidence that bomb-building fissile

material has fallen into unauthorized hands. Nor has proof emerged of an organized "Russian maila" brokering radioactive contraband or of rogue Third World nations seeking to buy black-market plutoni-

In fact, some law-enforcement officials say they suspect that at least part of the recent uproar may be a case of the tiger chasing its tail - that aggressive undercover sting operations intended to hait and snare nuclear smugglers have created an artificial demand for radioactive material.

A further complication is that the irresistible combination of crime and nuclear bombs has become a campaign issue in Germany as federal elections draw closer this fall. A leading opposition politician as-serted last week — without offering any proof — that the government had cynically staged several recent arrests of nuclear crooks to boister Chancellor Helmut Kohl's law-and-order image.

Experts take pains to stress the gravity of nuclear smuggling, while expressing hope that this month's furor accelerates plans to safeguard nuclear stock-

"We don't have a crisis," one American official said. "We have a serious problem." All agree that the purity of one contraband pluto-nium stash recently seized in Germany was particu-

plutonium cache found in another bust.

"It is serious, but not very serious," said David Kyd, spokesman for the International Atomic Energy Commission in Vienna. "Serious in that the quality of some samples is exceptionally high, but not very serious in that there's no indication of organized trafficking here." He added that "there doesn't appear to be any-

larly alarming, as was the relatively large size of the

body big-time out there in a purchasing mode."

Harald Müller, a nonproliferation expert at Frankfurt's Peace Research Institute, added: "My guess is we're still dealing with a trickle and not with a stream. As long as it's only a trickle, we have an opportunity to stem the stream. But that supposes

See PLUTONIUM, Page 7

Clinton Alchemists Trying To Save Face on Health Plan

By Douglas Jehl

WASHINGTON — Eight months ago, President Bill Clinton stood before Congress and waved a pen that he vowed to use to veto any measure that did not guarantee universal health-care coverage. Now the White House has begun laying the groundwork for him to wave a flag of truce. Mr. Clinton's aides are aware of the

potential embarrassment in accepting merely incremental health-care legislation. But they also believe they can offset any acceptance of a more modest achievement by reviving the president's campaign im-

NEWS ANALYSIS

age as a fighter for change, who succeeded in at least starting a job that his foes prevented him from finishing. Mr. Clinton's sides have now signaled

the would accept something well short of universal coverage, but they resist claims that such a small step would be

sufficient. And whether Mr. Clinton ultimately signs or rejects what Congress produces, his aides have begun claiming what credit may be available, saying his yearlong cru-sade for change in the health-care system

has already yielded benefits. "I think the revolution has started," said Thomas F. (Mack) McLarry 3d, the presi-dent's former chief of staff and his principal lobbyist for business leaders. Saying the specter of a major change had already

prompted insurance companies to lower their rates, Mr. McLarty said, "There is no question that the prospect of earnest re-form has improved the outlook for coo-

In truth, Mr. Clinton had long ago laid aside his veto pen, presenting an elastic bottom line on what might constitute universal coverage. Similarly, Democrats in Congress had, with the White House's approval, dropped "Clintoo plan" from any description of legislanon they favored.

Even so, the enduring image of Mr. Clinton's waving a veto pen before a joint session of Congress is one that critics have long relished being able to hold against

But senior White House officials say they are confident the gesture will prove nowhere nearly as damaging as George Bush's "no new taxes" line, particularly if Mr. Clinton portrays any compromise be might embrace as simply a "down pay-

That confidence may be in part whis-thing in the dark. But it also reflects both the new wind in the administration's sails from the passage of the crime bill late last week, as well as some lessons from the summerlong tussle it took to get the hill

One lesson is that even when Mr. Clinton has had to make significant concessions, the word that appears in the head-lines is "victory," not "cave-in." Another is that the best way to avoid being cast as a

See CLINTON, Page 4



Commerce Secretary Ronald H. Brown on Sunday at the Great Wall in China.

Beijing Frees Dissident as U.S. Official Arrives

Compiled by Our Staff From Dispatcher
BEIJING — Police released a promineot dissident on Sunday, 12 hours after his detention overshadowed the arrival of a U.S. cahinet member oo a visit to increase trade.

The dissident, Wang Dan, 24, a student leader in the 1989 Tiananmen Square prodemocracy demonstrations, was released after the police talked to him about his protest activities.

"They were worried that if they let me go I would create trouble," he said. But he said he was released with no conditions. Mr. Wang had been detained Saturday. shortly before the arrival in Beijing of Commerce Secretary Rooald H. Brown. who came with two-dozen American corporate executives oo a missioo to improve the prospects of U.S. firms competing for

business in China. Mr. Brown's visit is the first by a cabinet member since President Bill Clintoo's decision in May to end the linkage hetweeo China's performance on human rights and its preferred trading status with the United

"Obviously we're disturbed about any reports of that kind," Mr. Brown said of the detection. He promised to raise such

matters in meetings this week. When Mr. Clinton severed the link between China's rights progress and its trad-

See CHINA, Page 4

Kiosk

Viacom Sells N.Y.'s 'Garden'

NEW YORK (Bloomberg) -- ITT Corp. and Cahlevision Systems Inc. announced Sunday that they had agreed to huy Viacom fnc.'s Madison Square Garden for \$1.075 billion.

The two companies won an auction against a unit of Tele-Communications Inc., the nation's higgest cable company, for sports and entertain-ment properties that include the nation's largest regional cable television sports network, a 20,000-seat arena, a performance theater and the New York Knicks and New York Rangers

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Books Bridge Crassword

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U.S. Limits **Negotiations** With Cubans To Refugees

Castro Moves to Stem Exodus, and Washington Calls the Step Positive'

By Tom Kenworthy

Washington Post Service
WASHINGTON — Senior Clinton administration officials on Sunday reaffirmed the United States commitment to a peaceful transitioo to democracy in Cuba. but rejected suggestions to hroaden talks on migration and to offer President Fidel Castro economic incentives to make democratic reforms.

"We're going to have talks with the Cubans on the one subject where we've got something to talk about, and that is migration," said Secretary of State Warren M. Christopher in a broadcast interview.

Steering between what he termed "two fairly extreme viewpoints," Mr. Christopher said the United States stood ready to respond "in a carefully calibrated way" to democratic initiatives by Mr. Castro, but said the United States would oot initiate broader talks or ease the 31-year-old trade embargo on Cuha.

"On other subjects, we really don't have very much to say to Castro," Mr. Christopher said. "He knows that we're seeking peaceful change, and I think a talk with him would not be productive on anything broader than the migration issue."

IMr. Castro ordered his police force and coast guard to bar children and teenagers from leaving aboard unseaworthy rafts and boats fleeing the island, The Associated Press reported Sunday from Havana.

quoting a government newspaper.
[It was the first sign the Cuban leader could be cooperating with American efforts to stem the flow of Cubans bound for U.S. shores. Undersecretary of State Peter Tarnoff called the move "limited" but

[Recent storms that slowed flight from Cuba subsided Sunday, increasing the possibility that more Cubans will take to the sea. A total of 130 refugees were picked up Saturday and taken to the U.S. Navy base at Guantanamo Bay, Cuba, where the administration has announced plans to ac-commodate up to 60,000 Cuban and Haitian refugees.)

Both Mr. Christopher and Mr. Tarnoff. in a separate interview on Sunday, insisted that the administration was not consider-ing a naval blockade of Cuba to prod

political changes.

The pursuit of what Mr. Christopher characterized Sunday as a "steady course, down the middle," comes as the Clinton administration is struggling to cope with the extraordinary exodus of Cubans. The administration announced Saturday that it would open discussions with Cuba on the migration issue, probably this week in New York. The talks are part of an series of discussions on such issues dating back a

Mr. Tarnoff attributed a recent slowdown in the oumber of refugees to more than just a deterioration in weather and sea conditions, saying that Cubans oow realize that they will be intercepted and

See CUBA, Page 4

Russian Presses Serbs to Accept **Border Patrols**

By Jonathan Randal

Washington Post Service
BELGRADE — Foreign Minister Andrei V. Kozyrev of Russia arrived here Sunday amid speculation that Serbia would accept international monitors aloog its border with the Bosnian Serhian rebels in exchange for an easing of United Na-

Mr. Kozyrev met with President Slobodan Milosevic of Serbia, who has consistently refused such border inspectors in

Such a deal would further isolate Bosnia's self-styled "Serb Republic," which on Sunday concluded a two-day vote widely expected to reject an internationally approved plan for ending the 28-month-old Bosnian conflict.

Western diplomats said that as many as 400 international observers could be stationed inside Serbia to monitor about 50 major crossing points with rebel Serbian-held territory in Bosnia 10 ensure compli-

ance with an arms and trade emhargo. In exchange, the United Natioos would begin easing sanctions imposed in 1992 against the rump Yugoslav Federation of Serbia and Montenegro, specifically re-opening the Belgrade airport for international flights and authorizing some inter-

oational cultural and sporting ties. Gradually easing sanctions "would be a victory for Milosevic in that it marks a hig shift in the attitude of the international community," a Western diplomat said. "It had always said that no sanctions would be lifted until a peace agreement in Bosnia was signed, but oow we are talking about lifting some sanctions without any such

Helping explain Mr. Milosevic's change

See SERBS, Page 4

East Germans Recall the Good in the Bad Old Days

By Stephen Kinzer

New York Times Service LUCKENWALDE, Germany — The thousands of people who crowded into this town for a recent rock concert came not only to hear the Puhdys, once the most popular band in East Germany, but also to revel in their East German past.

Axel Badura, who lives near the arena here, watched from his window as concertgoers streamed by. He was not surprised by the turnout.

Fart of the appeal is that people want to hear the music they grew up with, but

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that isn't the whole explanation," Mr. Badura said. "People are saying that not

everything in East Germany was bad.
"In the old days we didn't have a crime problem, we didn't have traffic jams, we didn't have trouble finding kindergarten places for our kids, and nobody had to worry about being thrown oot of work. For a while after unification, people were ashamed to admit that they had grown up in East Germany, but now we're starting to

At the concert, the distinctive aromas of Cabinet and F6 cigarettes, which were popular in East Germany and are still made in Saxony and Thuringia, bung over the crowd. Vendors did a brisk business in T-shirts bearing old advertisements for East German products ranging from deter-

gents to tampons. A wave of nostalgia for the era of Communist rule is speading. For many, it does not reflect a desire to return to the repressive old days, but a growing sense of self-

That feeling is clearly on display at doz-ens of stores that specialize in local prod-

ucts. For a time after unification, easterners shunned their own goods in favor of those made in the West, but no longer. Now eastern products are proudly advertised with slogans like "Beer From Here" and "East-Made."

Many easterners say they have stopped trying to like the dry white wines popular in the West and have returned to the sweet reds they grew up with. They are buying their familiar mild mustard again instead of the sharper hrands favored in the West, and flock to bakeries for hread and cakes

made by "old East German recipes."

Travel agents in Eastern Germany say that bookings for trips to Tunisia and the Canary Islands, popular among West Germans, have fallen sharply, while tours to East European destinations like Romania and Bulgaria are often sold out. Some travelers even use their old East German passports, many of which are valid until the end of 1995.

"It's medicine against a disease they brought on themselves, which is shattered self-confidence and loss of identity," said Monika Maron, a prominent writer who

left East Germany in 1988, "Now anyone who eats mustard from Bautzen or hratwurst from Thuringia can feel like a resistance fighter." Some celebrations of the East German

past are meant as satire, like the theme parties that are increasingly popular at night clubs and colleges. At these parties. giant photos of Erich Honecker and other deposed Communist leaders hang on the walls. Visitors are often admitted free if they wear the blue hlouses that ooce marked them as members of the Communist youth group.

Perhaps the most visible symbol of East

exhaust-spewing car that is no longer in production. In the eupboria of German unification, many in the East couldn't wait to dump their Trabants, abandoning them by the hundreds along back roads. Lately, they bave become collector's items. Many Trabis, as they were known, are now seen decorated in bright colors that were unavailable in East Germany. One

Germany was the Trahant, a slow-moving.

See EAST, Page 4

Taxing the German Establishment

By Brandon Mitchener

ST. INGBERT, Germany In a nation where econotifie achievements. mists generally fit the description of eminences grises, Mi- about maximizing" his grades chael Köhne is anything but - as a student, Mr. Köhne readiat least, not yet.

For one thing, he is 33 years old. For another, he is most familiar to economics students at his alma mater, the University of Saarbrücken, more than half of whom have attended the private prep school he established after his graduation

But since the April publication of his first book, "The Invisible Noose: How the Government Defrauds Taxpayers of Their Savings", Mr. Laffer Curve fame. Köhne has gained a reputation "What's new is the as an enfant terrible among the German establishment. Its reactions have ranged from in-

dignation to anger.
"No comment," said Olaf Sievert, the president of the Bundesbank's regional branch for Saxony and Thuringia and former professor who has privately advised Mr. Kohne to show more restraint.

"Amhitious but unknown." said Wolfgang Benkert, another former professor with whom Mr. Köhne began hut never finished a doctoral disserta-

Finance Minister Theo Waigel, on the other hand, agreed in a letter with Mr. Köhne's guiding principle that "excessive taxation jeopardizes

Mr. Köhne, unimpressed, said Mr. Waigel apparently chose to ignore the book's political criticism amid preparanons for elections this fall.

The man of the hour him-

list in tone and appearance, is ways," including via consump-bright, intense and modest tion, he explained in a reasonabout his academic and scien-

Someone who "didn't worry

Up and Coming/// An occasional series V about the leaders

of tomorrow.

admits that many of his ideas were invented by others. including Irving Fisher, the Nobel economist James Buchanan and Arthur Laffer of

What's new is the presentation," Mr. Kohne said. And how. While Mr. Fisher

worked with basic textbook diagrams and Mr. Laffer with a two-dimensional graph to show that some tax assessments can be counterproducrive, Mr. Köhne operates with what he calls the "3-D Turbo Laffer Curve" that includes an axis for time in addition to the standard axes for the tax rate and the tax funds collected.

Interacting with his 486 computer in a suite of offices reminiscent of a college dormitory, Mr. Köhne conjures up graph after graph to illustrate his message that a government that thinks long-term should tax savings and investments at a rate approaching zero in or-der to maximize its own income and encourage accumulation of private savings.

"The government gets the most when the tax on investment income is zero because wealth creates more wealth, which can be taxed in other

able tone of voice.

In his book, which he wrote as a satire and published himself, the passage that justifies the title reads: "A welfare state turns the invisible hand of Adam Smith into an invisible rope on which the taxpayer from whom nothing more can be gained is strung up."

Although the idea is not entirely original, it is increasingly popular in a country with one of the world's highest rates of taxation on enterprise and investment and is contributing fresh controversy to a grassroots tax revolt already germinating among individuals and small-business men nation-

Karsten Kleemeyer, who employs 25 people at a small bedsprings factory in Wagenfeld, said he first saw Mr. Kohne's book on a neighbor's coffee table, borrowed it for a few days and then ordered six copies for himself and a few close friends.

The book is making the rounds," he said, noting that Mr. Kohne's message was one which "had to be said."

"The German Mittelstand" of small and medium-sized businesses "is the milk cow of our nation," said Mr. Kleemeyer. "We pay the most taxes and get the least attention. It's very sad, and a lot of us are very badly frustrated."

The Federation of German Taxpayers, a Bonn-based lobhying concern that recently as-serted that 28 of Germany's 38 taxes were superfluous, said Mr. Kohne's message "sounds radical" but agreed that its guiding principle was the same. "A simpler tax system

omy, and the government could end up collecting more money, not less. We say the best tax reform is elimination of taxes.

Though he denies harboring any political ambitions and describes himself as the prodnct of a "typical German working-class family from Warstein, Mr. Köhne is well aware of the political dynamite packed by a book like his in a year with 19 elections. including federal parliamentary elections on Oct. 16 that might mark the end of two decades of Christian Demo-

cratic sway. "If you, too, are sick of Bonn's amateuristic fiscal policy and the ever growing plunder of the taxpayers, read this book - preferably before you go to cast your next vote." he implores inside the book's cov-

Inside, he rails against "growing legions of superfluous bureaucrats and politi-cians" who have established A vote for the Christian Democratic Union, he wrote, is a vote for the state of Brussels bureaucrats and therefore a vote against freedom and de-

The Christian Democrats' junior coalition partner, the Liberals, has been corrupted by proximity to power.
The Social Democratic Party, which aspires to power, "is

still dogged by a Marxist classstruggle mentality."
The opposition Greens, on the other hand, "are completely justified" in their calls for an ecological reform of German taxation



Michael Köhne has nothing for Boun's tax inspectors.

Mr. Kohne, governments would tax consumption and leave investments alone.

They do not, he says, because politicians focus on a to read it for the university," four-year, election-relevant he noted with pride. time horizon rather than the long-term view that risks being penny-foolish in order to be

But Mr. Benkert, Mr. Köhne's former dissertation adviser, said politicians' short-term outlooks were a fact of sition. "Why should I?" he life that Mr. Köhne is naive to dismiss. "Mr. Laffer was right, too, but no one was able to put viding students help on the his ideas into practice," he side, I've already privatized a

Nevertheless, Mr. Köhne is confident his ideas will at least be read and discussed. "Some of my students are being told

معالي والمناس والمناز والمناز

"It's realistic that the ideas in the books provoke discus-sion and change," he said.

The uncompromising idealist also said he had no plans to part of the state economy."

Q&A: Getting Aid to Rwanda Only Part of Solving the Problem

Overseas Development Administration, the aid-giving arm of the British Foreign Office. He spoke in London with Erik Ipsen of the International Herald Tri-

Q. Aid agencies have been criticized for doing too little, too late in Rwanda. Is that fair?

A. In terms of the amount of aid flowing from the donor countries to Rwanda at the moment, the quantities are very, very significant. It is not fair to say that the effort is too little. It is certainly a very difficult effort because logistically it is a nightmare of a place to try to get aid to. As a result you've got bottlenecks at airports, etc.

Q. And the timing of the aid? A. I think it would have been very difficult to foresee the rate of movement of people across the border into Zaire much earlier than it actually happened. I was there two days before the the ease of coordination. There is exodus started. You could see it was

By Lee Hockstader

Washington Post Service
MOSCOW — The United

States is about to launch a

sweeping inspection of Russia's

airlines and air safety controls

that will be the most compre-

hensive evaluation of one coun-

undertaken hy another.

in Russia.

try's civil aviation system ever

Federal Aviation Administra-

tion at the request of Russian

authoriues, comes after three

serious air crashes in Russia this

year and months of dire warn-

that amounts to a virtual ban on

routine flying within Russia for

U.S. government employees and diplomats until the results

of the evaluation are known.

The review, to be done by the

ments into Goma. In retrospect it wasn't enough. But when you are making contingency plans like that, they have a cost attached to them. It is a question of how much you can invest in stocks of things that may or may not be required,

O. Is there anything to suggest that the donors are getting any better at this sort of aid effort?

A. There are some encouraging signs. The collaboration and coordination that we have seen between agenthan we've seen in some previous situations. But it is a process. It is not a case of "yes, you've definitely got it right."

are treating only the symptoms, not too great for aid agencies to cope with. the disease itself.

resolving the problem. Otherwise our effort would be largely wasted. But there is no point in curing the disease if

Q. What is the media's role

Andrew Bearpark is the head of the about to start, but I think it would nation. The UN's department of Huge best investment anyone could ever and there was not the pressure for the Emergency And Department of the Department of Huge best investment anyone could ever and there was not the pressure for the Emergency And Department of Huge best investment anyone could ever and there was not the pressure for the Emergency And Department of Huge best investment anyone could ever and there was not the pressure for the Emergency And Department of Huge best investment anyone could ever and there was not the pressure for the Emergency And Department of Huge best investment anyone could ever and there was not the pressure for the Emergency And Department of Huge best investment anyone could ever and there was not the pressure for the Emergency And Department of Huge best investment anyone could ever and there was not the pressure for the Emergency And Department at the Emergency And Department at the United Nations as well are about it which exists today, when you what is going to happen." Besides Office is in charge of overall coordinate certainly moving in the direction of have got 24-hour rolling news and satwhich, a certain amount of work was tion. But they are trying to coordinate conflict resolution and preventive didone in advance of the mass movean incredible array of forces from the plomacy. But if the need for it arises.

Q. Is that not a good thing? American military, with all of their then humanitarian relief should be might, to small nongovernmental or- provided. It is wrong that bahies have ganizations who may employ people to be operated on without anesthetic, who do not even like being coordinat- It is wrong that children starve to

> Q. There has been talk in recent Q. Critics say that in situations like weeks of the crush of refugees from Somalia, Bosnia and now Rwanda, we Rwanda to Afghanistan being simply

A. The problem of refugee move-A. Certainly, aid agencies would ac- ments has grown phenomenally in recept that they are never the full an- cent years, and all the agencies inswer. We are only part of the answer. volved are under amazing pressure to What we do has to be seen in the try to provide services. They do that at cies this time is significantly better context of a political process which is the time when media interest in these an absolutely horrific and awful trage-

Q. Is that not a good thing?

A. From a humanitarian point of view, it is certainly quite right that these events are brought to the public's attention. But the media can creste a distortion of effort in that they tend to focus on only one crisis at a time. But that is not the way the world actually works. Public opinion pressed by the media can sometimes push you down the path of responding to a certain crisis and ignoring other crises.

O. Such as what? A. The classic example at the moment must be that Rwanda, which is dy, is the one that is getting all the world's attention. Conditions in parts Q. What is the media's role in this? of Bosnia are just as bad as they have It is important not to overestimate the patient is already dead.

A. The spotlight is on humanitarian to ever been, but Bosnia is totally off the aid. Ten years ago or even five years TV screen. Meanwhile, conditions in Somebody in charge in terms of coordination. There is somebody in charge in terms of coordination. There is somebody in charge in terms of coordination the patient is already dead.

A. The spotlight is on humanitarian ever been, but Bosnia is totally off the TV screen. Meanwhile, conditions in Angola are pretty horrific, too.

U.S. Payment Set

Iraqi Incident

For Foreigners in

WASHINGTON - The

United States will pay \$100,000

TRAVEL UPDATE

WORLD BRIEFS

Business Leader Seeks Berlin Post

BERLIN (NYT) — Germany's best-known businessman, Ed.

zard Reuter, ontgoing chairman of the Daimler-Benz conglomerate, has declared his interest in becoming mayor of Berlin.

Mr. Reuter, 66, is a member of the Social Democratic Party, but

told the newsmagazine Der Spiegel that he would prefer to preside over a coalition government like the one that now holds power in

Mr. Reuter said he was not prepared to run in next year's

campaign for mayor, but that he would serve if called upon by

party leaders after the election. Under the German system, voters

cast ballots for the party of their choice, and party leaders then

choose a mayor who can win the support of a majority of city

Tensions Rise in Italian Government

ROME (Reuters) — Tensions rose Sunday in the government of Prime Minister Silvio Berlusconi after Justice Minister Alfredo

Biondi threatened to resign and the speaker of the lower house of Parliament assailed Italy's liberal abortion law.

The fresh wave of bickering and dissent among Mr. Berlusconi's political allies arose over the issues of abortion and judicial reform. Mr. Bondi said Sunday that he would resign from the

government if a package of measures aimed at reducing the number of immates in Italy's overcrowded prisons was not swiftly

approved by the cabinet.

The speaker of the lower house. Irene Pivetti, a member of the

Northern League, urged at a youth conference over the weekend that Catholics reassert themselves in politics and fight to repeal

the abortion law. Abortion on demand during the first three

KSAMIL, Albania (Reuters) — Greece has tightened controls at its sea and land borders with Albania after expelling about

24,000 illegal Albanian immigrants in the last two weeks, Albani-

Albanians deported from Greece in the last few days said it was dangerous to cross the southern Albanian border because Greek

special police forces had begun to open fire without warning.

Some said that Greece had deployed patrol boats in the narrow channel separating the Albanian coast from the Greek island of

Corfu and that it was now impossible to make the crossing.

Successful Launch for Japan Rocket

TOKYO (AP) — Japan's space program got a long-delayed lift on Sunday when the domestically developed H-II rocket got off the ground after two failed launching attempts earlier in Ausust. The rocket — the first to be developed entirely in Japan — took off as scheduled from Tanagashima, an island 615 miles (985 kilometers) southwest of Tokyo. The H-II was carrying a 2-ton government satellite into a geostationary orbit 36,000 kilometers above the earth for telecommunications research, marking Japan's

above the earth for telecommunications research, marking Japan's entry into the satellite-launching husiness.

months of pregnancy has been legal in Italy since 1978.

Greece Tightens Albanian Border

Osaka's Airport Will Finally Open

TOKYO (AFP) - It has been an engineer's nightmare and a magnet for terrorist wrath, but on Monday, Japan inaugurates its \$15 hillion International Kansai Airport, a mammoth project on the sea near Osaka designed to become the main gateway to Asia, The airport, which took eight years to complete, will be the most

opensive in the world to use. It has been built on an artificial land in Osaka Bay, 5 kilometers from Japan's third-largest city. The task of throwing 150 million cubic meters of earth into the 18-meter-deep ocean and then stabilizing the reclaimed land while work was continuing on the surface proved to be a nightmare. The problems delayed the opening of the airport hy 18 months, and increased the cost by 50 percent.

The French police said Sunday that they were lumting for the people who hurled large stones, road signs and jerricans at carsia heavy traffic on autoroutes south of Orange, seriously injuring two motorists. One was in critical condition in a Marseille hospital. A score of cars and three trucks crashed. (Reuters)

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ETE:

Thousands of British stores legally opened their doors for business for the first time Sunday. Under a law passed in December, shops can now open for six hours on Sunday. Most of the country's major supermarkets and chain stores have ignored the Sunday business ban, in operation since 1950, for years. (AFI

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Britain, Gibrattar, Hong Kong, Macao.

TUESDAY: Peru, Turkey. WEDNESDAY: Afghanistan, Kyrgyzstan, Malaysia.

THURSDAY: Central African Republic, Libya.

FRIDAY: Victoria.

SATURDAY: Monaco, Quar, San Marino.

Sources: J.P. Morgan, Reuters.

tend to dismiss much of the most every aspect of aviation ings about the dangers of flying so weekly flights to the United the U.S. Agency for Internapublicity about aviation here as such as air traffic control, main-The warnings include an un-States. By undertaking a broadtional Development. alarmist. Mr. Broderick, for ex- tenance, standards, certificausual State Department travel advisory, issued last month, ample, said some of Aeroflot's tion, accident investigation and er, cooperative evaluation, the Of particular concern is the

union with Britain.

London Suggests New Flexibility on Irish Partition

Northern Ireland Office, the seat of British authority in the province, aunounced that the section of Northern Ireland Act of

1920 that established partition was now irrelevant and "pretty much a red herring."

The statement said that other British law

superseded the 1920 act and already pro-

vided that a change in the status of the province was possible if the majority of the

population wanted it. Protestant political

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aders oppose change that would sever the

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ministration review is a response to concerns that Russian air carriers do not meet international safety standards. It arose in part from concerns that Russia's aviation oversight system might receive a poor rating in a "technical assessment" of the sort the American agency carries out in smaller countries when a new airline wants permission to fly to the United

That, in turn, could jeopar-dize the status of Russia's 40 or

By James F. Clarity

DUBLIN — With expectations rising here and in Northern Ireland that the out-

lawed Irish Republican Army is about to

announce a cease-fire in the north, the

British government moved over the week-

end to indicate flexibility on the IRA's basic and historic demand: an end to the partition of Ireland into the province of

On Saturday, in a move that surprised

Ulster and the Irish Republic.

before a more exacting technical assessment is done. "It's unprecedented, but we think it's worth the time and

U.S. to Evaluate Russia's Air Safety, at Its Request

effort," said Anthony J. Broderick, the agency's associate administrator for regulation and certification.

A high-ranking agency team, scheduled to arrive here soon. plans to fan out across the country to scrutinize regional aviation regimes. The review is to be paid for by the Federal Aviation Administration and

agency hopes to coax Russian extent to which Russia's new

international safety standards. sengers in aisles and baggage on There are nearly 300 of these seats are not uncommon on do-"baby-flots" scattered around mestic flights.

the country, many of them lacking the resources and experi-safety data with other parts of ence to repair, maintain and operate the planes they inherited. of line," Mr. Broderick said. And while these spinoff airlines are still state-owned, it is nn-

cials, while acknowledging the or a lot worse than in the U.S." lapses in Russian air safety, terrible reputation was a by- governmental regulatory strucauthorities into addressing regional airlines - spinoffs product of its dismal cabin ser- time.

The Federal Aviation Ad- what many see as yawning holes from the once-monolithic state vice and standards of hygiene.
inistration review is a re- in their air safety procedures airline Aeroflot — are meeting Planes without seat belts, pas-

"But if you compare Russian the world, they are not way out "From a safety analysis point of view, it does not appear as bad clear how effectively they are as Western media would have regulated by the government, you believe." Nonetheless, he regulated by the government, you believe." Nonetheless, he Aviation administration offi-

The inspection will cover al-

[Sinn Fein, the IRA's political wing, said Sunday that "essential ingredients" may

be in place for a peace strategy, Reuters

reported from Belfast. Gerry Adams, the

Sinn Fem leader, gave his assessment of

peace prospects in a joint statement after

talks Sunday with the moderate nationalist

Analysts said the British statement

would be welcome to both the IRA, its

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politician John Hume.]

payments as a humanitarian

mandated under U.S. or international law. The foreign nationals on board the two Black Hawk heli-copters included British, Turkish and French military person-nel. In addition, there were five Kurdish workers who were employed by the U.S. government.

sture, not because they were

In London, Mick Thompson, the father of a British soldier killed by U.S. gunfire in the Gulf War complained that he was ignored while Washington paid compensation for the two British officers killed in April. Mr. Thompson's son, Lee, and eight other British soldiers were killed in February 1991 when two American A-10 aircraft mistakenly fired on their arpolitical wing, Sinn Fein, and the Irish mored cars in action in Iraq. government. (WP, AP)

Militory Bases

Catanon-

to family members of each of the I1 foreigners who were killed last April when U.S. Air Force fighter jets mistakenly shot down two army helicopters over northern Iraq. In a statement, the Pentagon As Tourists Film, Mother said Defense Secretary William J. Perry was authorizing the

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Dies Trying to Save Girl MONT SAINT-MICHEL, France — Dozens of tourists at the ancient abbey of Mont Saint-Michel impassively watched and even videotaped a young mother who drowned while trying to save her child.

The incident, which occurred last Monday, was reported

over the weekend to the French press by merchants at the celebrated landmark who were outraged by the visitors'. callous behavior.

Residents reported hearing one tourist say, "I got the whole thing on tape."
On Monday, a 6-year-old girl, Victorine Guillernee, and her mother, Marie-Noelle, where walking along the base of the hill when the child fell into a deep water hole.

As the frantic mother tried to save her, tourists apparently watched without trying to intervene or search for rescuers. Some videotaped the incident.

A cafe owner, his curiosity aroused hy the tourists staying in the same place, realized what was happening and ran to find two firemen. They were able to save the girl, but not the

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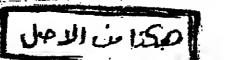
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THE AMERICAS / WHAT

Rwanda and Cuba: Who's Going to Pay?

WASHINGTON - With the Pentagon's relief mission in Rwanda and the refugee interdiction effort in the Caribbean, the Clinton administration has undertaken open-ended commitments costing millions of dollars a day without agreement

on bow to pay for them.

Administration officials and congressional sources have scrambled to calculate how much the operations actually cost and to identify sources of funding, as several agencies tried to

fight off efforts to raid their budgets.

Congress has appropriated \$50 million for refugee relief in Rwanda, and an additional \$170 million is pending in the fiscal 1995 defense appropriations bill. But \$151 million bad already been spent as of a week ago, administration officials

The fiscal picture is even murkier in the Caribbean. No funds have been made available for the campaign to intercept, transport, feed and house tens of thousands of Cubans and Haitians who have been sent to camps at the U.S. naval base in Guantanamo Bay, Cuba.

In effect, officials said, the navy and other military services are carrying out the interdiction campaign and absorbing the costs, hoping to get the money back later—a situation that is stirring concern among members of Congress worned about reports that shortages of funds are forcing the Pentagon to cancel some training exercises and stretch out weapons pur-The Pentagon spokesman, Dennis Boxx, said \$230 million had been spent on the Haitian refugees alone in the current

number of Cubans at Guantanamo Bay is already nearly equal to the number of Haitians. Total spending seems certain to rise into the billions of dollars because even if no more refugees are interned, those already at Guantánamo will have to be cared for until the governments in their home countries change — a prospect that does not appear imminent, despite the Clinton administration's efforts to put pressure on the regimes.

fiscal year. That figure is certain to grow rapidly because the

Jackson Hints He'll Challenge Clinton

WASHINGTON - After harshly criticizing the compromise anti-crime bill that cleared Congress, the Reverend Jesse L. Jackson has strongly hinted that he may challenge Presi-dent Bill Chinton in 1996 in the Democratic primaries or as an

Mr. Jackson, who was rebuffed by Mr. Clinton more than once in the 1992 campaign, did not go so far as to say be would run. But he encouraged such speculation at a breakfast with reporters.

"It's wide open," Mr. Jackson said. Asked if he considered himself a threat to Mr. Clinton, he replied: "I don't see myself as a threat. I see myself as therapy.

Reciting what he called the failed promises of the administration, Mr. Jackson said black and urban Americans bad been neglected. He said that jobs had been sent to Mexico with the North American Free Trade Agreement and that the bottom line is, urban America today is more abandoned and more alienated.

Asked what he liked about Mr. Clinton, Mr. Jackson offered more criticism than praise. "I like his vision, the hope he generated," he said. "And yet in the crunch, the promises were negotiable. It seems as if what he knows is in one column and what he does is in another."

And in an interview later, Mr. Jackson was even stronger in hinting about running. "The option that would have the most impact," he told The Associated Press, "would be the independent option in the general election."

Mr. Jackson ran unsuccessfully for the Democratic presidential nomination in 1984 and 1988 and has worked to register minority voters in the South.

Quote/Unquote

Jules Feiffer, the cartoonist and a regular on Martha's Vineyard, on Mr. Cliuson, who began his vacation oo the island over the weekend: "Give the poor guy a break. He's been beaten bloody by everyone, including myself."

U.S. Focus on Cuba Lets Haiti Regroup

under the embargo, with infla-tion robbing the local currency.

the gourde, of 40 percent of its

value in the last month alone.

trainers disembark.

By Douglas Farah Washington Post Service

PORT-AU-PRINCE, Haiti - The sudden U.S. preoccupation with Cuba has forced the redeployment of ships enforcing the international embargo against Haiti, enabling the is-land's military leadership and wealthy merchants to rebuild their smuggling networks,

Sources say.

The result has been a noticeable increase in luxury goods and gasoline products in Portau-Prince, brought in over land and by sea from the neighbor-

A contract

ing Domnican Republic. in Washington, Pentagon of-ficials acknowledged that, while 14 navy ships had been sta-tioned off Haiti earlier in the summer, only six were there now, plus two foreign frigates. But they said that earlier in the summer the military had been helping the Coast Guard pick ap fleeing Haitians, a flow that has ended.

"Any notion that the Cedras regime is off the hook is seriously mistaken," said a Pentagon spokesman, speaking of the Haitian junta led by Lieutenant General Raoul Cedras. "We continue to have a significant presence in the Caribbean around Haiti that is supported by other nation's vessels."

· [Peter Tarnoff, U.S. undersecretary of state for political affairs, said Sunday that military intervention was still possible. Agence France-Presse reported from Washington.

for a possible intervention in Haiti under the terms of the UN Security Council Resolunon 940," he said in a broadcast aterview.

In an effort to force the military to allow the return of the ousted president, the Reverend Jean-Bertrand Aristide, the United Nations, led by the United States, placed Haiti under a nearly complete commercial embargo on May 21 and deployed a number of ships off the coast to enforce the mea-

The vast majority of Hasti's 7 million residents have seen their purchasing power decline daily

Debating the Great Debaters Public Seems Unamused by Rhetoric in Capital

By Dirk Johnson New York Times Service

cit, mandatory prison sentences.

the news. As the screen flashed on the U.S. Senate, the crowd grew quiet, waiting for some impassioned oratory from that august chamber. What they saw was Alfonse M. D'Amato, the Republican senator from New York, bouncing jovially and singing to the tune of "Old MacDonald"—"Here a pork there a pork ald" - "Here a pork, there a pork, everywhere a

ald"—"Here a pork, there a pork, everywhere a pork-pork"—standing next to a huge picture of a pink pig feeding at a trough, intended to symbolize the waste in the crime bill, which the Senate passed Thursday by a vote of 61 to 38.

The next image on the screen was that of Senator Frank R. Lautenberg, Democrat of New Jersey, countering Mr. D'Amato's claims with none-too-subtle references to what gets showeled.

The shifting political alliances on the crime. none-too-subtle references to what gets shoveled out of a pigpen.

answers to our problems.

Americans seem to be little amused by the state of affairs in the nation's capital these days.

Judging from dozens of interviews around the country, from suburban cul-de-sacs to ganghaunted pockets of tattered urban neighbor-boods to little towns ripeed by corpfields voters.

The sure they get together and so cut for the country to the country of the country to the country.

Americans seem to be little amused by the state of affairs in the analysis of the constituent and they're all playing to it." he said.

"In this day and age, the television is the constituent and they're all playing to it." he said.

"And so much of it is all for show. You'll see one politician calling another one names. But when the country in boods to little towns ringed by cornfields, voters ing. I'm sure they get together and go out for increasingly see a government so riven by partisanship that civic duty seems to have become an afterthought and the truth as malleable as putty.

Even Decided Bill Clinton's management of the game."

After ambile you set so discusted and fed up

Even President Bill Clinton's success in press-Even President Bill Clinton's success in pressing Congress to approve a bill intended to fight you just turn off," said Mr. Biagi, a computer crime - an issue that most Americans say is programmer.

their top concern - has left many voters confused about what exactly is in the bill or has been CHICAGO — The customers in the coffee taken out after all the wrangling, and skeptical shop were talking politics; health care, the defi-A television behind the counter was tuned to Konecny, 38, a union pipelitter, clutching a cof-

The shifting political alliances on the crime bill left many wondering whom to trust. "Every-A restaurant worker shook his bead in disbe-body is for a bill that claims to be against crime,"

bef and mumbled something in Spanisb. Several patrons groaned in embarrassment.

"What a show," sighed Joe Riehl, 37, a video technician. "I don't think we can lay much hope on the guys in Washington coming up with answers to our problems."

Dony is for a our that claims to be against crime, said Tex Griffin, 52, a lawyer.

"And I'm generally pleased that it passed. But I'm not sure how much good it will do. And the whole thing was just so much posturing."

To Mr. Riehl, the video technician, politicians are little more than actors.



TWO GOLFING BILLS - The founder and chief executive officer of Microsoft Corp., Bill Gates, replacing the flag after holding it for President Bill Clinton as the two play a round of golf during Mr. Clinton's vacation on Martha's Vineyard in Massachusetts.

Narrowing the Simpson Case

Pre-Trial Pace Steps Up as Legal Strategies Take Shape

By Jim Newton

Los Angeles Times Service
LOS ANGELES — With three weeks left before the scheduled start of O. J. Simpson's murder trial, a rapid-fire series of developments bave brought the case into sharper focus, narrowing some of the options for defense attorneys and forcing both sides to gamble as they build their trial strat-

Last week, several of the building blocks were set in place in the case against Mr. Simpson, who has proclaimed his innocence in the face of charges that he murdered his former wife, Nicole Brown Simpson, 35, and her friend Ronald Lyle Goldman, 25, on lune 12. Each new development alters the emerging strategies of the two sides, who are moving to bring the case to trial on

Sept. 19. The strategy considerations are subtle and complex, in part trial before all the evidence has been gathered and analyzed. Moreover, the high level of publicity creates an especially tricky challenge for Mr. Simpson's attorneys, who are conducting the delicate dual task of trying to challenge every potential weakness in the government case without signaling to prospective jurors that they are in

any way desperate. But dealers in luxury goods "That is a very, very real con-cern to us," Robert L. Shapiro, and petroleum products, after a few months of hard times, are Mr. Simpson's lead attorney, said Saturday. "As lawyers we bave a legal obligation to raise again doing a brisk business. calculated largely in dollars.

The Cliuton administration's present distraction is not the all legal and factual issues as first time U.S. policy on Haiti has been influenced by events they are presented. There is a risk that members of the pubbc who do not have a complete In October, after the Haitian understanding of our obligation military agreed to a UN-browill think that this is some sort kered peace plan to allow the of diversionary tactic."

Among the recent developreturn of Mr. Aristide, U.S. ments shaping strategy for both forces began taking casualties in Somalia. When a hostile sides are revelations that the latest round of DNA tests point crowd gathered at the port here, to Mr. Simpson, 47, as the source of a blood drop at the the Pentagon refused to let a shipload of U.S. and Canadian scene of the killings and that

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Herald Eribune

Among the topics to be covered are:

Privatization of airports.

hair samples from a knit cap thing they need to be careful discovered near the bodies reabout. sembles Mr. Simpson's.

Judge Lance A. Ito last Friday also cleared the way for prosecutors to go ahead with their DNA testing, a setback for defense attorneys that some experts nevertheless believe may ultimately work in Mr. Simpson's favor.

The defense has scored most of its points by attacking the government case - detectives have been accused of lying. prosecutors of deceiving and analysts of performing slipshod work. That may be undermining the confidence that prospective jurors have in the evidence. legal analysts said.

Some experts credit Mi Simpson's defense team with contesting the government lawyers at every opportunity and with using the pretrial hearings to erode the sense that the police and prosecutors have built because the case is moving to an open-and-shut case against the former football star.

"That's their job," said Barry Levin, a criminal defense lawyer and former Los Angeles police officer.

The attack strategy is especially risky, some legal experts say, because observers may grow weary of the challenges to witnesses and come to conclude that Mr. Simpson's lawyers are prepared to vilify anyone who offers evidence against their cli-

"Even to me, as a defens attorney, it seems that they look more and more like they're defending a guilty guy," said Har-land W. Braun. "That's some-

Train Crash in India Kills 3 The Associated Press

NEW DELHI - A passenger train rammed into a stationary freight train Sunday in western India, killing 3 people and injuring 49 others, a news AGS report said.

But Laurie Levenson, a Loy-A ruling from Superior Court ola Law School professor and former federal prosecutor, said the defense approach could send inadvertent messages to potential jurors. "That's always the danger of

the shotgun defense," she said. "It seems hard to believe that everyone associated with the case made a mistake or is out to get O. J. Simpson. It's contrary

Away From Politics

 A tornado whipped through the central Wis-consin town of Big Flats, killing two people, injuring seven and crushing the municipal building "like a soda can." a National Guardsman said. A second tornado, in Eau Claire County, Wisconsin, killed two people, including a 3-year-old girl.

 In the first open-heart surgery done on an ape, a medical team worked for seven hours Saturday to repair a life-threatening hole in the heart of a young orangutan at the San

Diego Zoo. The prognosis for the animal is excellent, the lead surgeon said.

 A Swarthmore College student has filed a lawsuit seeking to block readmission of a male student whom she accused last fall of stalking her after she refused to date him. A permanent ban on new offshore oil drilling along the entire 1,100 mile length of the California coast has been endorsed by the

State Senate, which returned the legislation to the State Assembly for a final vote. AP, LAT, NYT

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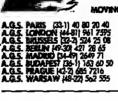
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The Wreck of the Revolution Cubans Live on Diet of Worry, Uncertainty and Struggle

By Roberto Suro Washington Post Service

HAVANA - Cuba today is a nation waiting nervously for something to happen.

Ever since the demise of Communism in

the Soviet Union three Augusts ago, Cuba has been an economie and political orphan. It has suffered a precipitous decline and has yet to

REPORTER'S NOTEBOOK

take on a new identity. There seems to be a widespread conviction, expressed by ordinary citizens and foreign analysts and in the subtext of President Fidel Castro's statements. that something has to change.

For a correspondent returning to Cuha after an absence of 17 years, the most notable change is in expectations. During two extended reporting trips in the mid-1970s, it was obvious that some Cuhans believed in Communism, some hated it and many just went along with it. But everyone knew there was a functioning system that handed out rewards and punishments on a predictable basis.

All of that has been replaced by a profound worry that Mr. Castro's reign could end in bloodshed, uncertainty about the nation's present course and an exhausting daily strug-gle for survival that consumes all but the most

In the 1970s, few visitors left without a tour of Alamar, a new town huilt east of Havana as the revolution's showpiece.

Using East European technology, "microbrigades" of future residents constructed their own apartment huildings out of prefabricated concrete slabs. Although spartan, the dwellings offered better bousing than most of the poor in Cuba or anywhere else in Latin America could expect. The apartments were awarded to people on the basis of exceptional performance at work and zealous participation in Communist Party organizations.

Now the hright paint and tropical plants that had relieved the drah uniformity are gone, and many huildings are obviously in need of repair. But the changes at Alamar are more than cosmetic.

On a recent afternoon, the only good news in one section of the town was the arrival of a tanker truck. There had not been any water in the pipes for three days. A strong, heavyset woman set down two hig plastic buckets and ruhbed the palms of her hands.

"This is how I spend my days," she said.
"To get food for your family, water, soap to clean with, to find a way to get your children clothes - that is a full-time occupation."

This is not simple poverty as it is experienced in the rest of the world. The woman was not suffering because she was poor but because Cuba is a wreck. She lives with her husband, sister and two children in a onebedroom apartment

"You can spend 10 years working on a micro-hrigade, and you'll get nothing because they are huilding so little," she said.

The revolution can no longer hold out any carrots, and it does not have many sticks,

At a government dispensary in central Havana one morning, three men stood discuss-ing the meager provisions they got with their ration books and the black-market maneuvering they had to do to secure dollars to huy food at special foreign-exchange stores.

One of their neighbors, a gray-haired man, stopped in, and they identified him as the chief of the local Committee for the Defense of the Revolution, but they kept on voicing their complaints. In the past, those committees, organized on every block in every town, could ruin someone's life by merely suggesting that they lacked zeal.

Now the militants are too husy trying to keep themselves alive like everybody else to bother much with denouncing anyone," said one of the complainers.

CUBA: U.S. Rejects Widening Talks Beyond Refugees

taken to the Guantanamo base and will "not be allowed to be processed for admission into the United States."

The administration's response to the refugee crisis came under fire Sunday from both Democratic and Republican congressional leaders, who accused the White House of heing too reactive and inflexible.

"I think the urgent need now is for the president of the United States to spell out fairly soon what the objectives of our poli- not he lifted, but strongly sugev are in Cuba," said Represen-tative Lee H. Hamilton. Democrat of Indiana, chairman of the actions by Mr. Castro. House Foreign Affairs Com-mittee. Calling the White shy away from talks with Cas-

experience in recent years about anyone. how you move a Communist country to freedom," Mr. Hamilton said, "And the lesson of that is to broaden and to intensify contacts,

Both Mr. Hamilton and Senator Richard G. Lugar. Republican of Indiana, said the trade embargo against Cuba should gested it could be weakened in exchange for favorable political

House actions to date "very re- tro or with other Cubans." said active." Mr. Hamilton urged Mr. Lugar, a senior Republican the administration to be more on the Senate Foreign Relacreative in promoting political tions Committee. "Our governehange in Cuba. ment should be fully capable, as a great power, of talking with

> But the State Department officials categorically rejected

such advice. "Our policy objective is to help achieve a democratic society in Cuba with a free-market economy, the liber-ation of political prisoners and an open political system," Mr. could take weeks.

Tarnoff said.

The state airline

But, he added, "we're not going to negotiate broader questions with them." nor consider an easing of the economic em-

DOLLAR: Rise in U.S. Markets Sets Off Alarm Bells

help pull the dollar up against all other currencies." His target is 107 yen and 1.65 marks.

But London-based analysts at Citibank and J. P. Morgan are less sanguine. Neil Mackinon at Citi cautions that for multiple reasons "we're a long way from a resumption of significant capital outflows from Japan even if there is a trade agreement."

And regardless of how much the dollar might strengthen against the yen, both he and Avinash Persaud at Morgan agree that the outlook for the mark remains strong, as the German economy is expanding faster than expected and interest rates are unlikely to be cut

pect the August reports of the their dollar holdings. purchasing managers' survey Thursday followed hy employ-ment data on Friday will squash hopes that economic growth is slowing significantly enough to forestall further hig increases in short-term interest

Mr. MacKinnon scoffed at reports that last Friday's rise in bond prices was pulling foreign investors back into dollar in-

"We saw lots of price action in the exchange market, a typical late Friday reaction by trad-

Mr. Persaud also noted that ers to cover short positions," he "if the rally in the U.S. bond noted. "We're not seeing buy-market is fuel for the dollar, ing based on medium- and both are headed for a brick long-term investment decisions. The Morgan specialists exThe Morgan specialists exThe Morgan specialists ex-

For Simon Crane, an adviser on the market's technical formance, Friday's surge in the dollar's value "does not alter the big picture of a weak dol-

"It's now near the upper limit of its current trading range," he said, adding that he expected it to run into considerable selling pressure as it nears 1.60 marks

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Roundups In Morocco **Protested** By Algeria

ALGIERS - Algeria on Sunday protested police roundups and harassment of its nationals in Morocco in an escalating dispute between the North African neighbors.

The protest came a day after Algeria announced the "temporary" closure of the land border following orders by both countries requiring entry visas for each other's nationals. Morocco imposed the controls first, after two Algerians were arrested Friday and accused of plotting attacks on banks, security forces and citizens.

Morocco arrested the pair during a manhunt for robbers who shot to death two Spanish tourists in the lobby of a hotel in Marrakesh.

Algerian media have report-ed accounts of indiscriminate sweeps hy Moroccan police against Algerian visitors. Algerian-registered cars are stopped and the occupants taken to police stations where they are in-sulted, pushed around, questioned and fingerprinted, the reports say.

Moroccan newspapers have characterized the hotel robbery as part of a "destabilization" campaign, while the Spanish press has raised the specter of Algeria's Islamie rebellion spill-

ing into Morocco.

Morocco's Interior Ministry eased visa rules to allow special entry passes for Algerians through Tuesday, if they "justi-fy their ignorance" of the rule

and show pressing need. The passes, obtained at border posts, could help Algerian residents of Europe on vacation in their homeland to return via Morocco and Gibraltar.

Hundreds of such people were stranded at the border Saturday. They worried about returning on time to work or school in Europe after being told that obtaining entry visas

The state airline Air Algerie scheduled special flights to and from Casablanca, Morocco's largest city, on Sunday to repatriate Algerians stuck in Morocco, state-run radio reported.

The government also urged the national ferry company and the state railroad to give priorito bringing home stranded Algerians.

The long-hostile neighbors had mended fences in recent years, as Algeria wound down support for Polisario rebels dissupport for Polisario rebels dis-puting Moroccan control of the cil "will have to start from zero Western Sahara. nce at least 1990, when the

Maghreh Arah Union - which includes Libya, Tunisia and a significant achievement be-Mauritania — lowered most cause of the participation of all frontier controls. But the bor- the political parties, including der has become an entry point the Islamic Resistance Movefor arms and Islamic fighters ment, Hamas, and the Popular

Some 14,000 Algerians live in Morocco, and 119,000 Morocco. cans in Algeria. About a million Algerians visit Morocco annually. Tens of thousands of Europe-bound Algerians cross Morocco each year.



Bosnian Serbian soldiers voting Sunday near Sarajevo on a referendum on an international peace plan for Bosnia.

SERBS: Russian Urges Milosevic to Allow Monitors Along Bosnian Border

Continued from Page 1

of heart was his growing concern about the cumulatively punishing economic sanctions on Serbia and the international community's threat of tightening them if Mr. Milosevie again rejected the border monitors.

As for the international community, manifest weariness has replaced oncehigh hopes of bringing the Serbs in Serbia and Bosnia to heel and forcing the Bosnian Serbs to give up major conquests, which now amount to more than 70 percent of the territory of Bosnia-Herzegovi-

Mr. Milosevic announced his own arms

and trade embargo on Bosnia's rebel
Serbs on Aug. 4, foreshadowing yet another shift in a long series of tactical moves that have made his name a Balkan by hlockading the Bosnian Serbs. byword for political maneuvering.

A close adviser of Mr. Milosevie's recently said privately that the Serbian leader was "personally in favor of moni-

"The problem is selling it to the public," the adviser said.

"Nothing he does right now can be seen as bowing to Western threats," he added. "All has to be done in the name of peace.". Mr. Milosevie shifted the debate this

He masterminded a debate in Serhia's i Parliament on Thursday and Friday, deftly winning an overwhelming endorse-ment for the peace plan and isolating the nationalist opposition, which was reduced to staging a walkout.

Western diplomats have suggested that many border monitors could be drawn from the corps of unamed European Union observers first dispatched to the former Yugoslavia in 1992.

Unity Marks New Jericho Era

By Caryle Murphy

Washington Part Service
FERICHO — Three months after Palestinian self-rule began, this town's Israeli-appointed mayor officially resigned Sunday, handing over power to a new council comprised of members from all the major

Palestinian political factions. Standing under a picture of Yasser Arafat in his office of 14 years, Jamil Khalaf gave his desk keys, his official car, a rubber stamp of the municipality and a pile of dog-cared financial records to Hassan Saleh,

chairman of the new council. "Now, thank God, I'm free," said Mr. Khalaf, adding that he had asked Mr. Arafat to accept

The council of 13 members is opposing Algeria's government. Front for the Liberation of Pal-

"If a dog hites a man it's not news. But if a man bites a dog it's news. So now, if we have whose officials have set up shop unity among the Palestinians, it's news," said Saab Erekat.

As minister of local government in the Palestinian self-rule anthority, Mr. Erekat brokered the long and arduous negotia-tions that preceded the council's formation.

"I think it's a very, very important day not only for Jericho but for the Palestinian people to have been able to achieve a national unity list with the partici-pation of all the parties," he

His success contrasts with the troubles encountered in Gaza. where the new mayor appointed by Mr. Arafat took too long in setting up a city council. Mr. Arafat replaced him and approved a council heavy with and work," he said. "We are supporters of his Fatah faction Visas had not been required starting with our test to have and without the consent of oth-

This West Bank town near the Dead Sea, a lush oasis of banana and palm trees surrounded by parched mountains, is the other half of the Gaza-Jericho First, as the self-rule deal is sometimes called.

Though better off than Gaza. Jerieho residents have felt somewhat neglected by the new

Palestinian authority, most of

in Gaza rather than here.

Dressed in white shirts and white kaffiyahs, Palestinian nocities, who hope to replicate crowded into the mayor's office. to offer congratulations.

Outside in the street, a children's choir sang the Palestinian anthem and a banner annonneed that "Jericho is embodying unity in its munici-pal council."

Mr. Saleh, a native of Jericho, an El Fatah member and a former PLO military commander, said, "We have a taken over a city which is completely destroyed." He said he hoped dohelp us. We have no choice hat to succeed.

Among the problems the new city council faces is an economhave control over so many things," said Kemal Remawi, a ing Mr. Christopher's visit. here is zero."

CHINA: Dissident Freed

Continued from Page 1

ing privileges three months ago, he said he was convinced the tables from other West Bank Chinese would act to improve human rights if the issue were soon what happened here, separated from the threat of

However, human rights activists have said that since then, Beijing has ceased all progress on human rights issues, includ-ing the release of political prisoners, an accounting of politiprisoners and the opening of prisons to inspections by the Red Cross.

The activists point in particu-lar to the closed trial in Beijing of more than a dozen people who were active in the 1989 nor countries "will sense these democracy movement and the problems we are facing and will continued detention of Wei Jinwas arrested on the eve of a visit to China by Secretary of State Warren M. Christopher last ic recession. "We have a very March More than a dozen othweak government, they do not er dissidents were also detained by authorities before and dur-

shoe merchant. "We were hop- Last week, the wife of a politing there would be some eco-ical prisoner who opposed Chi-nomic projects. The economy na's bid for the Summer Olympic Games in the year 2000 said her husband, Qin Yongmin, had been badly beaten while in a labor camp in June and July. And on Thursday, before his detention, Mr. Wang complained that more than a dozen police had been stationed outside his home and had followed him wherever he went. Berlin mechanic, Harald Erpel,

"They don't allow me, a citizen, to live the life of a normal person in China," Mr. Wang said. "And this is simply because I represent a different. point of view."

Mr. Wang had been a leader

of the democracy demonstra-

tions that were crushed by the Chinese Army in 1989. He was arrested that year and sentenced to four years in prison. He was paroled in February 1993, six months before his sentence was to end, and since then has pursued business opportu-Mr. Brown and the husiness executives he is traveling with Eastern politicians from oth- have been urged by human

exparties also seek to encourage rights activists to press China on rights issues, but they have dence. One of the region's most played down that aspect of their

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Herald Eribune

On September 21st, the IHT will publish the first in a two-part series of Special Reports on

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and Development Among the topics to be covered are: The link between infrastructure projects and living standards in Asia.

China's Three Gorges dam, the world's largest hydropower project.

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An extra 1,000 copies of the supplement will be distributed in Jakarta on October 17th at the World Infrastructure Forum - Asia 1994, to which the IHT has been appointed the Official Publication.

urther information, please contact Bill Mahder in Paris at (33-1) 46 37 93 78, fax: (33-1) 46 37 50 44.

Herald Tribune

CLINTON: Waving Truce Flag show of compromise is part of a

Continued from Page 1 waffler is to how to some fixed

weapons ban. That argument may be a bit disingenuous. While Mr. Clinton drew the line on keeping an assault weapons ban in the

principle, such as the assault

crime bill, what he is hanging onto in health care is nothing that will bring about universal coverage, merely his determination to get it. And with Democrats bracing for heavy losses in the midterm elections, even Mr. Clinton's

chief of staff, Leon E. Panetta, said last week that he recognized the difficulty of going any further next year, given "the more conscrvative edge" ex-pected in the Congress that re-turns to Washington in Janu-Mr. Panetta cited that loom-

ing change as a reason Demo- Two Basque policemen were crats must now begin to work burned when a firebomh was hand-in-hand with moderate hurled into their car as protests Republicans to seek common ground on health care, as they did on crime.

strategy of portraying Mr. Clinton as someone determined to get things done, even if that requires being flexible, while casting Republican leaders as determined to block action at all costs. That approach meshes with the kind of changes Mr. Panetta

has been pushing. He has tried to get the president to appear less dogmatic and quicker to own up to mis-

takes. And he has stressed that Mr. Clipton's overall mandate from the 1992 campaign was to fight for change in the broadest sense, not to win any particular point by any particular time.

SAN SEBASTIAN, Spain -

Basque Policemen Burned

against the extradition from Uruguay of three alleged id on crime.

But it is also clear that the the police said Sunday. COUNTRIES

EAST: **Recalling Good** Continued from Page 1

American-made limousine into the middle. He rents his coach, complete with chanffeur, television and minibar, for parties and weddings.

"Business is booming," he said. "The Trabi is beloved like

has split a Trabi and welded an

never before." Nostalgia for East Germany has a scrious side, reflected most clearly in the revival of the Communist Party. Party lead-ers have found that campaigns stressing the positive aspects of East German life and faulting westerners for arrogantly refus-ing to acknowledge them pay off handsomely at the polls.

someone again." **ACCESS NUMBERS**

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popular figures, Regine Hilde- trip. Mr. Brown had earlier said brandt, who is responsible for he would mention human rights social policy in Brandenburg, issues at "the appropriate likes to tell audiences, "We're time." (AP, WP, Reuters) ACCESS NUMBERS

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Lufthansa

Japanese Leader Honors Singapore's War Victims

SINGAPORE — In the latest bid to repair his country's lingering unage from World War II. Prime Minister Tomiichi Murayama on Sunday became the first Japanese leader to honor Singaporeans killed during the Japanese occupa-

Mr. Murayama, 70, on the first day of a two-day visit, laid a wreath at the Memorial to the

visiting Japanese prime minister has done this," said Singapore's foreign minister, Shunmugam Jayakumar, who attended the ceremony along with Trade and Industry Minister Yeo Cheow Tong.

The visit is the last leg of Mr. Murayama's four-nation Southeast Asian tour, which earlier took him to the Philip-

In Kuala Lumpur on Saturday, Prime Minister Manathir bin Mohamad stunned Mr. Murayama by declaring that Tokyo should stop apologizing for World War II and start be-

Civilian Vietims of the Japa- pines, Vietnam and Malaysia, things that happened 50 years powers."

Mr. Mahathir rejected calls by many Asians for compensation from Japan for events that occurred during the war. "If you start seeking compen-

for World War II and start being a world leader in keeping the peace.

So years ago, then what about 100 years ago or 200 years ago?" Mr. Mahathir said, "It could turn into demands for that Japan intended to carry out "international contribu-

where Tokyo's actions in the ago," Mr. Mahathir told Mr. Mr. Murayama had no re-

and observed a minute's silence. Pacific war were a recurring Murayama, according to Japa-sponse. Japanese officials said nese officials. he simply let Mr. Mahathir move on to his next subject.

The Malaysian leader also told Mr. Murayama that "as a major player in the international arena, Japan must be presation for things that happened pared for peacekeeping duties

tions."

North Korea, Endangering Nuclear Pact, Snubs Seoul Offer

endangering a deal to resolve suspicions over the allow the South Korean authorities to obtrusively Communist government's nuclear program. Seoul offi-interfere." cials said Sunday.

North Korea to clear suspicions the North is develop- South Korean reactor.' ing nuclear weapons.

*The issue of the provision of the light-water reac-

tor," the North's official radio said in a report moni-SEOUL — North Korea has rejected a South Kore-an offer of a billion-dollar modern nuclear reactor, the DPRK and the United States, which does not

North Korea said that it bad discussed light-water The provision of light-water reactors is a key part of reactors in detail with the United States in Geneva a package deal struck between the United States and earlier this month but that "no heed was paid to the

The Geneva deal calls for the United States to give In radio reports monitored in Seoul and Tokyo on Saturday, the North indicated that its rejection of the Southern offer is political rather than economic, offinitely program, suspected of being used to make

The Western-developed light-water reactors would

replace the North's old-fashioned graphite-moderated reactors that produce more of the atomic-bomb ingredient platonium.

■ Ouster Report Belied

The North Korean prime minister, Kang Song San, appeared in public over the weekend, belying an earlier speculation that he might have been ousted after the reported defection of his son-in-law, Agence France-Presse reported from Tokyo, quoting a radio report on Sunday.

A South Korean newspaper reported last week that Mr. Kang lost his position in mid-Angust because of his son-in-law, Kang Myong Do, defected to South Korea in May.

Avoid Cairo, Militants Warn

Target: Foreigners at Population Conference

By John Lancaster Washington Past Service

tants have threatened to at- vative Islamic world. tack foreigners who attend a United Nations conference waged a two-year campaign selves in harm's way." here Sept. 5, raising fears that President Hosni Mubarak Egypt may be in for a new that has claimed more than on population that opens against the government of round of extremist violence 400 lives, most of them poafter several months of relative calm.

The warning Saturday came a day after gummen southern Egypt, killing a 14first lethal attack on tourists since March.

Two police officers also died in separate clashes with the form of a statement faxed inilitants Friday and Satur-

The statement from the fundamentalists was the first explicit threat of violence against foreigners planning to attend the conference, which has been widely criticized by Islamic organizations as a

CAIRO - Islamic mili- rality on the socially conser-

licemen and militants killed in clashes in several provinces

of southern Egypt. The militants have also opened fire on a tour bus in killed several foreigners in a successful effort to damage part." year-old Spanish boy in the the tourist industry, which is one of Egypt's economic

mainstays.

The latest warning came in to Western news agencies by the Islamic Group, the main Islamic organization fighting

the Egyptian government. "The group, as it starts a new round of operations, urges all foreigners not to come to Egypt during the coming period for the sake of

plot by the West to impose its ideas of birth control and mo-It "advised" foreigners takrative Islamic world, ing part in the conference Islamic militants have that they are putting them-

foreigners expected to attend. A senior Egyptian govern-ment official called the militants' latest threat "an act of

utter desperation on their ■ Bangladeshi Cancels

Prime Minister Khalida Zia of Bangladesh and two of her ministers have canceled a visit to Cairo to attend the population conference. Renters reported Sunday from Dhaka, quoting government officials.

They said Begum Zia would not be able to attend because of "pressing preoccu-

BOOKS

the Wagner Festival

By Trederic Spotts. Illustrated. 334 pages. \$35. Yale University Prees.

Reviewed by Edward Rothstein

You seem to sit with the dead in the gloom of a tomb, was Mark Twain's reaction. But Bruckner, Grieg, Tetalkovsky, Saint-Saëns and Lisz: 21 made pilgrimages. European royalty paid homage. Artists gave up large fees; conductors worked without being identified, all in service to an extracrdinary, megalomaniacal enterprise: an opera house designed and only hy Richard Viggre specifically for performances of his epic work. The

Ring of the Nibelung." Maw, Frederic Spotts, an associate of the Center for European Studies at Harvard University and a loyal attendee at the festival since 1955, has writ-

BAYREUTH: A History of that is compelling and chilling, the Wasner Festival sketching the cult's evolution and surveying its achievements.

The achievements are considerable. The Festspielhaus, from the day of its opening in 1876, defined the character of the modern operatic theater. The focus of attention is the stage. The seating is steeply raked. The orchestra and conductor are hidden, their pit extending under the stage floor. The instrumental sound fills the space as if it were being produced by

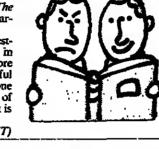
the drama itself. Many of the players can't hear the singers, and the conductor, Spotts notes, has an awful time coordinating the per-formance. But these flaws mean that an intimate knowledge of the score is required, which was

fine with the composer. After his death in 1883, Wagner's instructions became sacrament. His widow, Cosima, eventually turned the festival into an embalmed tribute to the composer. Her son, Siegfried, tentatively tested the waters of modern dramaturgy but kept

WHAT THEY'RE READING • Group Captain Mike Feenan, head of the Royal Air Force in Berlin, is reading "The Downing Street Years" by Margaret Thatcher.

"I believe that no one interested in the history of Britain in recent times can afford to ignore this book. It gives a powerful insight into the thinking of one of the most influential people of our age; love her or hate her, it is

compulsive reading." (Michael Kallenbach, IHT)



theon, even consulting him on casting, directing and design. As Spotts shows, this courtfred and her children.

ship of fascist poliucs was part of a long tradition. From its founding, the Bayreuth festival bad been central for German nationalist movements, who found their views ecboed in Wagner's writings and latent in

This found resonance in the family itself. Wagner's daughter Eva married Houston Stewart Chamberlain, whose anti-Seten a readable, authoritative ac-count of the Wagner festival the orthodoxy. Winifred, his mitic history of the West pro-little purging of the ranks. Wie-every member of his family in-count of the Wagner festival wife, added Hitler to the pan-vided inspiration to Hitler. land Wagner revolutionized the cluding his children and contin-

Spotts gives a detailed account of Hitler's affection for Wini-

Spotts has said that he omitted his most sensational discovery because it would have overshadowed the book: that Hitler sexually abused the young Wie-land Wagner, Winifred's child and later the heir to the festival.

The omission is unfortunate, because Spotts shows that the history of postwar Bayreuth is based on a reaction against the fascistic past. Though there was

tionalistic.

Upon Wieland's death in 1966, his brother Wolfgang, the current head of the festival, went even further. He deliberately sought iconoclastic ap-proaches epitomized by the 1976 production of the "Ring," directed by Patrice Chereau. This has, in turn, enshrined a new ideology at Bayrenth, in which Wagner can seem, in Spotts's words, "the spiritual founder of the Greens," the propbet of Germany's leftist

environmentalists. This has led to a new set of interpretive

Meanwhile, the Wagner family continues in the old mode with excommunications, loyalty tests and mythic rivalries. Nike Wagner. Wieland's daughter, calls the Wagners "an Atreus clan," a "many-beaded, thousand-footed monster that ponderously rolls through the corridor of generations." The current patriarch, Wolfgang, in his new autobiography, attacks

stagings, making them abstract uses to accuse his sister, who was rather than Romantic and na- ardently anti-Nazi, of disloyalardently anti-Nazi, of disloyalty to Germany during the war.

Spotts's accounts of these battles seem as definitive as we are likely to get right now. One wishes for supplements: an ac-count of the evolution of performance style to match his account of stagings, an analysis of the operas and their connection to Bayreuth ideology. But Spotts's history is, at least in English, a pioneering one.

Edward Rothstein is on the staff of The New York Times.

International Recruitment

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or representative

BRIDGE

By Alan Truscott NEITHER declarer hit on the subtle line of play that would have brought home four spades on the diagramed deal from the Spingold Knockout Team Championships semifi-nals. Both South players re-ceived a heart lead and won with the jack, and one of them now cashed the ace and king of spades in the hope that the queen would fall. He failed by

two tricks.

The second time around, the bidding followed the course shown. Two diamonds was a "milti," showing a weak two-bid in one of the major suits. for the heart possibility. South
did better and came close to
VQ 109932
He cashed the spade
O A Q 98 and East bid two hearts to allow success. He cashed the spade ace and the heart ace, and led to the chrb ace. He then led a cinb, winning with the queen when East played low. He surren-dered a club to the ten, but East administered the coup de grace by leading the trump queen. This simultaneously prevented South from ruffing a club and from reaching the dummy, so the contract failed by one trick.

South and his team gained three imps, but he realized af-terward that he could have made four spades by refusing to cash the heart ace at the third trick. If he had led a small spade to dummy at the third trick, he would have been in full control. The best East can do is to lead the club king, trying to remove dummy's entry, but South can refuse to win. South cannot then be prevented from drawing trumps and eventually discarding a club loser on the heart

NORTH

· . 4 Q 9.7 5 North East .



THE AMERICAN EXPRESS

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Jacques Chirac, left, and Edouard Balladur during ceremonies commemorating 50th anniversary of the Liberation.

Paris Liberation a Kickoff for Elections

By Alan Riding New York Times Service

are production of the second

PARIS — The 50th anniversary of the liberation of Paris last week was meant. to be an occasion for looking back. Instead, abruptly ending the political doldrums of France's annual summer break, it has marked the start of the campaign

for presidential elections next spring.

That no one has actually declared his candidacy to succeed President François Mitterrand appears to have no relevance. Between now and the first round of voting next April, every political speech, every decision, every maneuver will be viewed through the prism of the presidential race.

And so it was last week, when two likely rightist contenders — the Gaullist mayor of Paris, Jacques Chirac, and the Gaullist prime minister, Edouard Balladur -used the celebrations as a stage for discreetly scoring points against each

Predictably, both evoked General Charles de Gaulle. Recalling that the general had "a sort of social contract" with the French people, Mr. Chirac said it was time for a new one to deal with chronic memployment. Mr. Balladur retorted that General de Gaulle personi-fied national unity, which should again be preserved at all cost.

Hardly political fireworks, it might be said. But in the strange political dance taking place on the French right, the exchange was considered significant. It signaled that Mr. Balladur planned to challenge his own party's leader, the very man who nominated him to be prime

minister last year.
With speculation mounting that the two men may both be candidates in the first round of voting, Foreign Minister Alain Juppe, who is secretary-general of the Gaullist Rally for the Republic, tried to restore order. The party, he said, would pick between Mr. Chirac and Mr.

Over the weekend, the spotlight turned to Jacques Delors, whom the opposition Socialists would like to nominate after he retires as head of the European Union's executive commission at the end of this year. Though he has been quietly building up support, it is not clear that be wants to be president. On Friday, Mr. Delors had lnnch with

Mr. Balladur, to discuss, he said, "Europe and only Europe." When asked if it was a meeting between two candidates for Elysee Palace, he replied, "Can you read the stars?" Over the weekend, be attended a gathering of supporters, hut still kept people guessing.

If he does so for too long, though, the

Socialists may grow impatient. Having been bundled out of office in parliamentary elections last year and humbled in European elections this year, they can ill afford to keep drifting without a leader capable of reviving fortunes.

For the moment, the only thing working in their favor is the possibility of disarray on the right. Former President Valery Giscard d'Estaing and former Prime Minister Raymond Barre may also join the presidential race. The hard-line interior minister, Charles Pasqua, who is enjoying a surge of popularity, is also keeping his options open.

Mr. Pasqua warns that if the conservative vote is splintered in the first round of the elections, the Socialists could still win the runoff vote next May despite their current low standing in the polls. He has proposed holding a primary elec-tion to pick a single rightist standard-bearer, but so far his idea bas garnered

little support. Rather, all of France is awaiting the outcome of what seems to be the inevitable confrontation between Mr. Chirac, a former prime minister who has been planning a new hid for the presidency since he was defeated by Mr. Mitterrand in 1988, and Mr. Balladur, who only began eyeing Elysèe Palace after he became prime minister in March last year.

Bid to Curb Nuclear Smuggling Lags

By R. Jeffrey Smith

Washington Post Service
WASHINGTON — A twoyear U.S. effort to help Russia keep its nuclear materials from falling into terrorist hands bas largely failed to get off the ground because of U.S. friction with top Russian nuclear experts, low funding and inattention at the top levels of the Clinion administration, according to U.S. officials familiar with the program.

These political and financial problems hinder the ability of Russia and the United States and its European allies to prevent further smuggling into Western Europe of bomb-grade materials from Russia, the officials said.

cials said that while none of the batches confiscated in the last four months had more than 10 percent of the fissile material stationed at the U.S. Embassy. needed to huild a terrorist bomh, nuclear smuggling was likely to persist and could eventually pose a threat to U.S. or

lacked vital experience and mer Soviet Union has been alloknow-how in keeping close cated to improving export con-track of its estimated 1,000 tons trols or nuclear materials of bomb-grade uranium and 170 tons of plutonium, making it incapable of providing relimaterials was missing.

But they said the Russian

Ministry of Atomic Energy, the country's principal nuclear custodian, has repeatedly rehuffed offers of assistance out of pride and anxiety that any cooperation with Washington could compromise its secrets or be attacked by Russian nationalists.

Without intercession by President Bill Clinton and other U.S. officials at the highest levels in Moscow, the officials said, ministry officials will continue to rebuff months-old U.S. offers to help detect and repair security defects at military-related nuclear facilities of aid Moscow in developing a better export control system.

They said the topic should be a top priority for next month's summit meeting between Mr. Clinton and President Boris N. Yeltsin of Russia, White House sources said Mr. Clinton is likely to raise the issue, but has not decided whether to emphasize

U.S. policy also has shortcomings, said the officials, who spoke on condition they not be named. Although the White House said last year that ensuring secure storage of former Soviet nuclear materials was a key priority, the administration lacks a detailed, governmentwide strategy for halting nucle-

ar smuggling. It has no mechanisms for rapidly sharing intelligence on nuclear smuggling with Russia and other former Soviet republics, unlike Germany, which recently concluded such an agreement with Moscow. The lack of such an accord, officials said, helps explain widespread grumbling within the government that the CIA knew little more about the recent smuggling incidents than what had appeared

in the German press. The officials added that a trip by the FBI director, Louis J. Freeh, to Moscow in early July to open an "office" that could In recent interviews, the offibelp probe nuclear smuggling ials said that while none of the and other matters had produced only a limited accord that two FBI agents could be

Due to what several of the officials said were misplaced U.S. priorities, only \$58 million of the \$988 million authorized hy Congress to help diminish The officials said Russia the nuclear threat from the foraccounting.

> Continued from Page 1 that we do a lot in the next weeks or months."

The other especially alarming incident came Aug. 10, when a Colombian and two Spaniards were arrested at the Munich airmaterial, much of it composed of 87.2 percent-pure plutonium-239, again the same telltale isotope hut this time at lower purity than is commonly used in bombs.

Yet the Tengen and Munich scizures were only the most recent and most sinister of hun-

the dismantling and transfer to tive black market offers. Russia of former Soviet nuclear weapons. Officials said while that effort helped deter outright weapons thefts, the threat of smuggled nuclear materials

may now pose a greater danger. Of the \$58 million, only \$4.2 million has been spent on accounting and export controls and only \$1 million has been spent in Russia.

Germany, top policymakers eration with Washington, had devoted little attention to They said Mr. Mikhaile the smuggling problem and no issue, the officials said. With no single interagency

problem, the State, Energy and Defense departments bave for two years pursued separate and sometimes poorly coordinated with the Russian hureaucracies involved the officials said.

counting and provide work for take power.

Most of the funds have in-stead been allocated to support otherwise be tempted by lucra-

Defense and State Departemphasized the need for cooperative arrangements with the Russian Ministry of Atomic Energy or MINATOM, the manager of those labs. These efforts have fared poorly be-cause of what four U.S. officials said was resistance by MINAent in Russia. TOM's powerful director, Vik-Until the recent incidents in tor Mikhailov, to broader coop-

They said Mr. Mikhailov who controls the payroll for an official has been designated to estimated I million employees be responsible for handling the clustered around at least 10 research centers closed to foreign-ers — has alternately rebuffed effort devoted to combating the offers of U.S. assistance or demanded more money than Washington was prepared to provide for such efforts.

The U.S. Emhassy in Mosefforts to initiate cooperation cow has reported in confidential cables, for example, that Mr. Mikhailov and his aides Energy Department officials, have sought to exclude Western for example, recently sought to experts on fissile materials acforge direct links between U.S. counting and security from key and Russian nuclear weapons nuclear facilities because they labs, hoping to spur new Rus- fear political reprisals from nasian research on materials ac- tionalists who may eventually

it incapable of providing reliable assurances that none of its PLUTONIUM: Germans Exaggerating the Threat?

The "trickle" became manifest in four German incidents in as many months, two of them considered particularly worrisome. On May 10, in the southwest German town of Tengen. policemen arrested a suspected counterfeiter named Adolf Jākle. In his garage, they found 2.4 ounces of radioactive powder that included one-fifth of an ounce of 99.75 percent-pure plutonium-239 — the same isotope, although with a higher purity, as that used in hydrogen

cases in the last few years. In dam Hussein and sundry oth-1990, according to federal police statistics, German authorities investigated four cases of suspected nuclear contraband.

The numbers climbed to 41

in 1991, 158 in 1992 and 241

last year. Through the first six months of this year, 90 cases bad been investigated. The majority bave been simple frauds, hucksters seeking governments."

gullible buyers for the nuclear equivalent of the Brooklyn Last year, 21 cases involved

something to make a Geiger counter click. The most recently disclosed case in Germany - one that port after a flight from Mos- fanned the bysteria - occurred cow, In a suitcase, investigators Aug. 12, when a 34-year-old found 20 ounces of radioactive man in Bremen tried to peddle a minuscule and militarily worthless sliver of plutonium believed

> Soviet-era smoke detector. Speculation about prospec-

to have been extracted from a

dreds of nuclear smuggling stanis, Basque separatists, Sad-

Bernd Schmidbauer, Chancellor Helmut Kohl's intelligence coordinator and a man whose passion for intrigue is suggested by the nickname "Agent 008," told the parliament last Thursday that "it is not absurd to believe that huvers may be acting on behalf of

Mr. Schmidbauer provided no details, nor did he elaborate on his assertion that former East German Stasi secret police seizure of radioactive material, officials may be involved in the but typically the stuff was trade.

Some officials fear the spiraling number of cases in Germany has as much to do with clandestine police offers of huge bounties for fissile material as it does with poor security at former Soviet stockpiles.

"There's no evidence of a real market for plutonium in Germany," Hans Georg von Bock und Polach, the Bremen prosecutor, said recently. "There's a tive buyers has led in recent hazard that our interest in purweeks to assertions - none suing criminals is bringing danproved — of involvement by ger to Germany. As law enforc-the North Koreans, the Pakiers, we simply can't do that."

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Population Principles

all over the world will gather in Cairo for the once-in-a-decade International Conference on Population and Development. Like the conferences in 1974 and 1984, this one will deal with a population explosion that, despite the extraordinary worldwide acceptance of family planning programs. still threatens to impoverish the planet.

In the earlier meetings, women were on the edge of the discussion. Now they are at center stage because, as Timothy Wirth, U.S. undersecretary of state for global affairs, put it, "We must recognize that women know ... what they need. and they must be equal partners in programs and policies." Ideally, the final document will provide a framework for population policies that will include the empowerment of women. Those policies would not only give women and their partners the ability to limit the size of their families but also give women better health services, better educations and,

above all, equality with men.

How that document is used will depend on governments, their citizens and laws - which is why its language must be, and is, flind enough to reflect the diversity of the 170 countries that contributed to the initial draft. Such a document will not emerge, however, if the Vati-can, which successfully deleted broad terms like "reproductive rights," "family planning" and "safe motherhood" from the draft, now turns the conference into a colloquy on abortion, homosexuality and extramarital sex. To that end, it has looked for help toward Islam, specifically fundamentalist groups and governments in countries like Iran and Libya.

Last week Vice President Al Gore

called the Vatican-fueled diversion "a red herring." The United States, be said, "has not sought, does not seek and will not seek to establish any international right to an abortion." Neither does the draft document, Instead, in the section on health, morbidity and mortality, it calls attention to the public health consequences of botched abortions; and while it asks that women should be able to terminate their pregnancies safely should they choose, it adds this proviso: "in

those cases where it is allowed by law." Mr. Gore also pointed out, correctly, that the best way to make abortion legal or otherwise — rare is to make contraceptives widely and readily available. The draft document, however, does not seek to establish a basic buman right to their availability. Rather, it asks governments to assess the extent of unmet needs for family planning services.

The whole point of this Cairo exercise is for all countries to agree on certain basic principles and policies that would enable the future of this world to be a decent one. Ideally, they will recognize that family planning and economic growth, although possible separately, are best accomplished band in hand. The conference is a chance to establish globally the idea that the empowerment of women involves their ability not only to cootrol fertility but also to get an educa-tion and a job, to engage fathers in child rearing, and to be spared such human rights abuses as forced abortion and genital mutilation. If narrowly nationalistic or sectarian interests block discussion and movement toward those goals, the conference will be a lost opportunity. - THE NEW YORK TIMES.

Salesmen in China

A National Service Corps

Ron Brown, U.S. secretary of commerce, has arrived in China accompanied by an entourage of 24 heads of American companies. The primary purpose of the trip is to sell American exports, an altogether useful endeavor. But this mission will also provide an indication of the Clinton administratioo's intenuous in pursuing the issue of buman rights — China's treatment of its own people in the aftermath of its suppression of the de-mocracy movement five years ago.

Despite the absence of substantial progress, President Bill Clintoo decided last May not to cut off China's trade with the United States. He had earlier threatened it, but finally concluded that the cause of buman rights was most likely to be advanced by close and active American engagement with China. Ideas follow the trade routes. The administratioo is right in principle, but has yet to demonstrate precisely what it is going to do in practice. Mr. Brown is the first American official of cabinet rank to visit China since the president's decision, and the Chinese will watch closely to see whether the Americans are serious

about civil rights there. Mr. Brown is under great pressure to promote American exports. The American trade deficit is enormous and rising Beyond that the vision of Chi

In the midst of the political fighting of the past few weeks, a program that actu-

ally passed Congress with important bi-

partisan support has been almost forgot-ten. It is President Bill Clinton's national

service program, which will be formally

National service was one of Mr. Clin-

too's favorite programs during the 1992

campaign. His original idea was rather

grand. Modeled after the old GI bill, the

program would have belped anyone go to

college who was willing to volunteer for

two years of service to the country. The

idea was that government could help peo-

ple while also fostering a sense of individ-

ual and social responsibility. Compared with that original plan, which theoretically envisioned a volunteer corps oumbering in the bundreds of thousands, the one that

passed Coogress is far more modest. Only 20,000 young Americans will be involved

in the new AmeriCorps program this year,

and the grants will be less generous than

originally envisioned. Scaling the program

back was part of the price Mr. Clinton had

Clintoo compromise," getting the form of

a program but not anything close to the

real thing. The truth, we think, lies elsewhere. The Republicans who supported

the plan but sought to scale it back did so

on the sound theory that a new program

of this sort should be tested oo a more

modest scale. And Eli Segal, president of

the Corporation for National Service, likes

to note that the 20,000 volunteers the oew

AmeriCorps program is expected to sign

Some have taken this as a "typical

to pay for Republican support.

kicked off on Sept. 12.

with its vast population and high growth rates has seized the imagination of many American business people. Among the big international companies, the anxiety over access to the Chinese market is great. Some see China emerging as the world's biggest economy early in the next century, and China trade as crucial to American prosperity,

That is an exaggeration, and it would be unwise to get carried away by such commercial romanticism. At present China is a smaller market for American exports than Belgium or Singapore. It is growing steadily and will become more important as time passes. That is why it is essential now, while the stakes are still relatively low, to establish the conditions of a relationship which, well managed, will hring broad benefits to both countries.

Those conditions are going to have to include better treatment of American exporters, whose goods encounter far more difficult and arbitrary harriers in China than Chinese goods do when entering America. Those conditions will also inelude cooperation on political questions such as arms control and dealing with North Korea's nuclear ambitions. And they will certainly include the progress of human rights under a government that rules one-fifth of the world's people.

up amount to about 4,000 more people than the Peace Corps enrolled at its beight.

The program, moreover, is scheduled to grow substantially in coming years.

tial for doing something unusual: proving

that the federal government can strength-

en local institutions that are using practi-cal means and the energies of citizens to

solve oeighborhood problems. So much

social programming is built around a

false dichotomy that has either the gov-

ernment solving problems or the people,

usually volunteers, solving the problems themselves. But it is one of the premier

tasks of government to strengthen rather

than weaken the bealthy impulse of citi-

The other potential advantage is that

the program does oot seek to impose the

federal government's own theories about

community action on neighborhoods. Vol-

unteers will go to work for existing neigh-

borhood and governmental entities, most-

ly with proven records. The programs will

fall into four broad areas: education,

crime prevention, the environment and

social programs belping young mothers, the homebound elderly, the homeless and residents of public bousing projects. Mr.

Segal says he wants programs to be judged

by very practical measures: the oumber of

crack houses elosed, block associations

created, kids immunized, urban gardens

planted, escorts for the elderly provided, fences in housing projects fixed. "Getting things done" is the new program's cheer-

- THE WASHINGTON POST.

fully nonutopian slegan.

zens to take on problems themselves.

If it works, AmeriCorps has the poten-

Stop Dickering With Serbs and Help Bosnia Survive

WASHINGTON — Citizens in the Serbian-cootrolled areas of Bosnia and Herzegovina voted this past weekend on the international peace plan. There is something highly perverse in baving a referendum in these territories. They have been ethnically eleansed in the most brutal manner, with more than 200,000 people killed, tens of thousands raped or tortured in camps, and a million and a half driven into exile.

The referendum was sponsored by the Bosnian Serbs' self-styled leader, Radovan Karadzic, who is neither Bosnian nor Serh — he was born in the remote Durmitor region of Montenegro -nor a leader in any democratic sense. He did oot run for public office in Bosnia's first and only free elections in November 1990.

The proposal, devised by the "contact group" countries — the United States, Germany, France, Britain and Russia offers Mr. Karadzie control over 49 percent of a divided Bosnia. This is both immoral and illegal because it rewards

his genocidal aggression. Yet Mr. Karadzic wants the plan rejected. He does not want to give up any of the 70 percent of the country that he has conquered. His intentions run counter By Kemal Kurspahic

to the wishes of even his main patron, President Slobodan Milosevic of Serbia. So rather than openly defy his master, Mr. Karadzic organized the referendum, hop-

ing that voters would reject the plan.
Upset by Mr. Karadzic's aggressiveness, and feeling the pinch of sanctions, Mr. Milosevic has cut off the supply of arms and fuel to the Bosnian Serbs, as well as telephone and radio and television links. These actions were greeted in the international media as the beginning of a showdown between the two Serbian leaders. But it is likely that Mr. Milosevic's seeming change of heart is a calculated move to further his expansionist goals.

"He plays that game all the time in his own interest, which is the 'Greater Serbia' headed by Slobodan Milosevic," as former Secretary of State Lawrence Eaglehurger put it.

From Mr. Milosevic's perspective, the contact group's proposal is the best he can get. It would leave him in control of roughly half of Bosnia through his proxies. in the Bosnian-Serb government in Pale. Its acceptance would result in the easing or even lifting of economic sanctions against Serbia. And Mr. Milosevic, who is already listed by the State Department as a top candidate for war crimes trials.

could grab the mantle of peacemaker. If, however, Mr. Karadzic continues to refuse that proposal; economic sanctions may be tightened and the war prolonged. NATO might be drawn to intervene to protect Bosnia's "safe havens," and the West might be forced to lift its arms

embargo on the Bosnian army.
With his war against Croatia still unfinished and increased unrest in Kosovo, Mr. Milosevic undoubtedly sees the prospect of intensified fighting in Bosnia as a threat to his dreams of "Greater Serbia."

Mr. Karadzic, on the other hand, does not have any real choice but to remain bellicose. Even if he wanted to be loyal to his boss in Belgrade — and even if he is forced to sign the partition plan — he can't make his followers obey it.

His troops have moved hundreds of thousands of Serbs from elsewhere into the bomes and property of ethnic Croats and Muslims in Serbian-occupied Bosnian towns. They can't just tell these people to evacuate because they signed a new treaty.

Mr. Karadzic's political strength is the

belief he has planted in his followers that his "Republika Srpska" will become a sovereign, internationally recognized state (or at least a part of Greater Serbia)

—something that is not going to happen under the contact group's proposal.

All those self-appointed ministers, aspiring ambassadors and war profiteers will fight even if abandoned by those who led them into the war in the first place. In the words of their "foreign minister." Aleksa Buha, "even collective suicide is

better than living with others anymore."

That is why the international community also doesn't have many options. Instead of compromising what is left of its credibility by repeating the same tired threats and carving up Bosnia, it should tighten the sanctions against Serbia for having inspired and then acceded to the terror in Bosnia; expand the "safe havens" in Bosnia and protect them with NATO air power, and lift the arms embergo to give Bosnians the means to defend and liberate their country.

The writer is Washington correspondent for the Bosnian independent daily Oslobodjenje. He contributed this comment to The New York Times.

Highly Enriched Uranium: Stop the Commerce and Don't Use It

Washington — It's a classic example of the right band oot knowing what its left is doing. A valuable nonproliferatioo initiative by the Clinton administration is being undermined

liferatioo touebdown. To its credit, the administra-

WASHINGTON — John Kennedy moved to lift the

embargo just five days before he

was killed. I am quite amazed that

Bill Clinton has become a sup-

porter of Fidel Castro, and an

enemy of the Cuban people, like

many of his predecessors.

This idea of embargo of Cuba

goes back all the way to when I was working with Mr. Kennedy.

mistake early in his administra-

tion in the operation of the Bay of

Pigs invasion. But, unlike many

other presidents who have got

into trouble, he went live on tele-

vision the day after the Bay of

Pigs and said: "I am the president

of the United States. I made this

decision. I made this mistake. I

action from the American people.

Two weeks later, a Gallup Poll

showed that Mr. Kennedy had

the support of 82 percent of the public. He called me into the of-

fice and said, "I bope I don't have to continue doing stupid things like that to remain popular."

John Kennedy imposed the embargo against Cuba, but late in

his administration he understood

he bad made another mistake.

Only five days before he was as-

sassinated, be had a meeting with

a French journalist who, he dis-

covered, was heading for Havana.

He gave him a oote to give to

There was an extraordinary re-

take all responsibility for it."

It is true that he made a major

tion is simultaneously confronting both military and civil dangers of this explosive onclear fuel. On the military front, it is pushing the UN Conference on Disarmament to adopt an international ban on production of highly enriched uranium for weapons. On the civil front, it is expending considerable political capital trying to persuade America's allies to phase out remaining use of this fuel in nuclear research reactors.

The Department of Energy has revitalized a long-dormant program to resume taking back

tween the two countries.

dominate that island.

if trade was not re-established be-

tween the United States and

Cuha, the Soviet Union would

of Fidel Castro when Mr. Cas-

tro's phone rang, hringing the news that President Kennedy had

been killed. If the embargo had

been lifted in 1964, Cuba would

and only meeting with Fidel Cas-

tro, I learned that the Ford ad-

ministration understood that re-

lations between Cuba and the

United States should be normal-

ized. Accompanying me to the meeting with Mr. Castro was the

famous American journalist James

Reston. At one point in our long meeting with Mr. Castro, Mr. Res-ton said to him, "Excuse me, sir,

but can I change my hat?"
"What kind of a hat do you

want to put oo?" Mr. Castro asked. Mr. Restoo said be was

bringing a diplomatic message from the then secretary of state,

Henry Kissinger. He said Mr.

Kissinger wanted to start a dia-

logue with Cuba to normalize re-

lations. Mr. Castro said he was

In 1975, when I held my first

be a democratic nation today.

The journalist was in the office

from foreign research reactors despite vocal opposition at home - as an inducement for these reactors to convert to non-weapons-usable fuel. It is also seeking to block the supply of fresh, bomb-grade fuel to a proposed German research reactor, and to persuade the Germans to convert to the alternative fuel.

All this affort may go for oaught, however, because of a new \$3 billion U.S. reactor also proposed by the Department of Energy. The Advanced Neutron Source would be the first oew research reactor in the world to

use bomb-grade uranium since 1978. It would increase the Decent at the very time when Washington is preaching to allies to eliminate its use.

Germany is not amused. Its of-ficials publicly accuse the United States of seeking a "competitive

From there, the damage will only grow. Other foreign reactor.

convenience of converting to non-weapons-usable fuel, will feel cheated and compelled to revert to highly enriched uranium. Siemens, designer of the German reactor, envisions it as a prototype for future export. Once highly enriched uranium fuel and the reactors that tries like Iran that have the right to acquire them as signers of the Nu-

who recognize the problem have of the Advanced Neutron Source weapons-usable level that Washington insists other countries should use. The Germans aren't buying it. At a recent meeting in Bonn, they reminded the United States that such "middle-enriched manium" still meets the definition of bomb-grade uranium under U.S. law and international prac-

to government sources, that is because of a strong push for immediate construction from Vice President Al Gore, the former senator from Tennessee — home of the

.

The administration is ill-advised to proceed with the current design. Not only would it sacrifice hardwon progress on nonproliferation, it would provoke a protracted fight on Capitol Hill. Already the Senate has refused to approve requested "construction" funds for the Advanced Neutron Source. Such battles in the past led to cancellation of the Cinch River Breeder Reactor in the 1970s and the Special Isotope Separation Plant in the 1980s, and to the recent demise of the Integral Fast Reactor. The only thing Congress likes less than a \$3 billion con-

ify the design of the Advanced Neutron Source to use oon-weap-ons-usable uranium so that everyone can claim victory. Scientists would get their neutrons and Tennessee its jobs.

Most important, nonproliferation advocates could continue their efforts to put the bomb-grade-uranium genie back in its bottle before it is too late.

Nuclear Control Institute, and Mr. Kuperman is a consultant at the

By Paul Leventhal and Alan Kuperman

by another of its pet projects.

The initiative is a major push to eliminate international commerce in highly enriched uranium, one of two materials used to make atomie bombs. The project is a super reactor to be built at home with bomb-grade uranium as fuel. Uoless boosters of the new reactor drop their demand for bombgrade fuel, President Bill Clinton likely to fumble a sure nonpro-

spent, U.S.-origin ouclear fuel

Cuba: Embargoes Hurt People Instead of Helping By Pierre Salinger

> Fidel Castro calling for negotia-tions to normalize relations bewilling to discuss it, but only after the embargo was lifted. "That's what Kissinger told me Mr. Kennedy understood that if the embargo was not lifted, that

you would say," Mr. Reston said.
They then negotiated a pre-dialogue between the U.S. and Cuban ambassadors in Madrid to start the process. Unfortunately, six weeks later Cuba was persuaded by the Soviet Union to send 30,000 troops to Angola.

That broke down those talks. But now, more than 30 years since the embargo was created and almost five years since the Soviet Union crumbled, Americans are looking at things in a desperately wrong way. They keep saying that the embargo or tougher sanctions will briog down the Castro regime and

bring democracy to Cuba. Of course we Americans want to see the Castro regime go down. Of course we want democracy in Cuba. But we simply are forget-

ting history.
Unfortunately, those who seem to forget history the most are the Cuban-Americans who are pushing the Clinton administration to go in this direction.

Did the West bring an end to eommunism to Eastern bloe countries like Poland, Czechoslovakia, Hungary and others with embargoes or sanctions? Did it bring down communism in the

partment of Energy's consumption of such material by 100 per-

advantage" and have traveled to Moscow in search of an alternative supply of bomb-grade urani-um. If the United States proceeds with such fuel, Germany will surely do the same.

operators, who at U.S. insistence have accepted the expense and in-

Soviet Union by imposing embar-

goes or sanctions? Of course not.

those countries. It maintained

diplomatic relations with them.

and its presidents visited those Communist countries. Dialogue was under way all the time. The important links that President

Ronald Reagan set op with the Gorbachev regime, his extraordi-nary visit to a Moscow summit with Mikhail Gorbachev in 1986,

played a significant role in wak-

mg up the Soviet population to the reality that they had to go in

Embargoes and sanctions beef

up leaders and rum the popula-

tions. Look at the examples.

are dying every year from hunger

The only embargo that worked

was against South Africa. But you

also have to understand history

there. First, it was an internation-

al, not a U.S., embargo. But the countries involved, including the

United States, did not break their diplomatic relations with South Africa. The United States and

others kept a strong dialogue with

that country in a continuing ef-fort to pessuade its leaders to

Now America is beefing up Fi-

del Castro and causing even great-

er problems for the people. If Bill

Clinton had dropped the embargo

early in his administration, we

would not be seeing thousands of

Cubans ficeing the country. Mr. Castro would have stepped down,

and Cuba would have had its first

Of course, the same thing is happening in Haiti, where the United States is destroying the

population and beefing up the

power of the military leadership.

policy that helped America to bring down the Communist re-

gimes except for North Korea (no

embargo), China (no embargo) and Cuba (a long embargo).

pals of the populations.

Washington Post.

Don't be pals of dictators. Be

The writer was press secretary to President John F. Kennedy. He contributed this comment to The

Go back to history. Adopt the

democratic election.

move toward democracy.

another direction.

or medical problems.

The United States traded with

use it are made legitimate again, how can they be denied to counclear Nonproliferation Treaty?

Some administration officials proposed a compromise: a symbolic reduction in the enrichment fuel, but not down to the non-

nee. They are right. There is a way out. A recent

U.S. government study indicates that the Advanced Neutron Source can be redesigned to use non-weapons fuel. The flux of neutrons and time between refacings would be reduced by about a third, but the reactor would still produce four to five times the flux of the world's most powerful facility in France. The new. design would require only perhaps a year's delay in con-struction, a small price to pay for preserving the administration's mitiative to eliminate commerce.

America wanted to get rid to some The administration has range and dam Hussein. He is still powerful the administration has range and dam Hussein. According that is be-Advanced Neutron Source.

struction project is such a project with proliferation ramifications.

The obvious solution is to mod-

Mr. Leventhal is president of the institute. They contributed this comment to The Washington Post.

What Americans Can Do About Guns

NEW YORK — Two cops are wounded by police bullets in frenzied cross fire on a New York subway platform. The people and the press demand to know it happened and

who was responsible. Two young thugs strolled into the subway, one with a handgun and the other with a shotgun. That is why. The rest is the consequence of cops risking their

lives to do their duty.
One plainclothes officer, gun drawn, chased the two men. He was shot by mistake by an offduty policeman also wearing civilian clothes, who was then shot by a transit officer. Who was responsible? The two men who carried their guns into the subway, criminals in the act.

Cause and responsibility seem to me obvious. But living in this city you would certainly oever guess it. The press, law-yers, public, even the police all concentrate not on the thugs and how armed boods can strut about streets and subways, but on how come cops do not react unfailingly to the sight of a man aiming his gun by bowing, checking the wristband color of the day and exchanging badge

numbers and calling cards. Ooe day science may tell us how to hire only cops with infallible control over their adrenalioe, heart rate and brain signals. Meantime, I want to see, read or hear a lot more about the guns and how the criminals got them, who owned them before and how many death merchants are peddling guns on what streets. That's the how-

come I want to know. I want to know about every crime the men committed beBy A. M. Rosenthal

fore taking guns into the subway. And, please, easy on the bit about bow their neighbors say what good boys they were. Mayor Rudolph Giuliani and Police Commissioner William J.

Bratton have stood by the officers while ordering the oecessary inquiries. But I am sorry they missed a chance to tear the

head off New Yorkers.

They should have said that our city, like the whole United States, is fouled by gams, stinks of them. Say it plain: Until we do something about that deathly stench, the men and women we hire to protect us will be doing their duty knowing that every minute of every tour they are surrounded by muggers, killers and thieves in greater number, expertise and firepower than

the world has ever experienced. I favor total registration and licensing of guns, and govern-ment control of all gun sales outlets. I know that very many Americans will fight every move. The rest of us can fight back with every political, intellectual and economic tool we have, win when we can and return to fight again.

But is that really all, no way for us to fight guns ourselves? If I were mayor, I would lead the essential attitude-change campaign, from a hutton in my lapel to organizing parades, demonstrations, oeighborhood watches, rewards; and do that for the rest of my term.

If I were a rich man, I would put big philanthropy money into anti-gun causes; maybe then my chauffeur could park

without getting a gun stuck in his ear. A teacher: I would fill my walls with anti-gun truths, and my children's heads. A clergyman: I would not have to be told. If I were a politician, I would light for toogher anti-gun laws, and if I were a judge I would enforce them. If I were a member of a civil liberties group, I would insist that it re-examine its positions against allowing search for guns, or blocking public housing tenants from having their buildings swept.

outside my favorite restaurant

As a journalist, I can ask print editors and televisioo news producers to put more violence into the news, a different kind, the violence of truth. I would tell cameramen on the spot to get tight close-ups of the wounds if at all possible. I

autopsy pictures from the morgue, and print them. The pictures would sicken children and grown-ups, which would be the purpose. It would be one antidote of truth against the lies we constantly see in movies, television reruns and videos: gun-shot people with no viscera hanging out of their bodies, no feces dripping from

would ask the police - or

courts, if necessary - for pre-

their clothes. None of these ideas will end America's gun disgrace. Only a few generations of voters will do that. But it is a lot more useful to do something against guns yourself, any decent thing, than just hang around clucking at cops for finding themselves on a subway platform when two men strutted in.

smug with firepower. The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Wee to Spitters PARIS - The authoritative pro-

hibition which is displayed in Paris omnibuses, notifying to the public that it is "interdit de cracher sur le parquet," would apparently be likely to lead to trouble with the proud and independent natives of Ireland. In order to impose this desirable restriction on the multitude in Belfast the following reflective method has been successfully adopted by the authorities: "Spitting in tramcars is a filthy habit: persons committing this offence will render themselves liable to the disgust and loathing of their fellow-passengers."

1919: Dulles Departs

PARIS - Mr. John Foster Dulles, chief expert of the American Peace Delegation, left Paris yesterday [Aug. 30] for Brest and will

sail for the United States within a few days. Mr. Dulles is returning home after having concluded the economic and financial matters upon which he has been engaged. Mr. Dulles intends to resume the practice of law in New York. His departure will be a great loss to American Peace Commission.

1944: For de Gaulle

PARIS — The people of Paris have accepted General Charles de Gaulle as the undisputed leader of France in her hour of liberation and there is no sign that they have ever thought othcrwise during the past four years. The Germans tried to make great capital out of the difficulties de Gaulle had in getting the United Stetes and Britain to recognize him and his provisional government, but a great mass of the French people simply maintain their faith in him.

The same of the sa

International Herald Tribune ESTABLISHED 1887 KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER

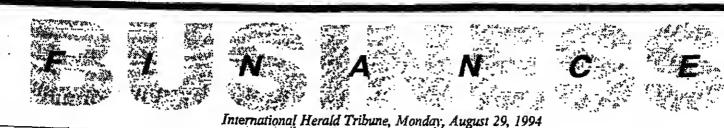
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CAPITAL MARKETS

Unfazed Japan Borrowers Turn to the Dollar Market

By Carl Gewirtz International Herald Tribune

ARIS - With Japan Inc. awash in cash from the still-huge trade surplus that investors are unwilling to place abroad fearing that the yen will appreciate, it is surprising to see Japanese borrowers turning to the dollar-bond market to

But Japan Highway Public Corp. tapped the market for \$500 million last week and reports from Tokyo have other state-guaranteed issuers, such as Japan Development Bank, the Export-Import

Bank and the city of Tokyo, lining up to borrow offshore.
With the Bank of Japan reported to be spending \$2 billion market still makes a week to prevent the yen from strengthening, it would bardly sense for yen-based seem desirable for domestic issuers to raise dollars abroad to issuers.

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bring home. However, the impact on the exchange rate is neutralized as the issuers swap the proceeds into fixed-rate yen obligations. Taking into account the fees paid to underwriters and the 7.625 percent coupon on Japan Highway's 10-year paper, which was priced

at a modest discount to face value, the cost to the issuer was 3 percentage points more than the 4.75 percent it would have expected to pay if the money had been raised in the Japanese market. But thanks to the swap, according to executives of Long-Term Credit Bank of Japan, the lead manager. Japan Highway's total cost was "slightly below" what the borrower would have had to pay at home.

Atthough Bank of Tokyo had earlier been rumored to have the mandate to manage the issue, Long-Term Credit Bank refuted suggestions it won the deal by subsidizing the swap rate. However, foreign bankers in Tokyo asserted that the only way to achieve the borrower's targeted cost of funds was for the lead manager to have subsidized the swap —a strategy banks of all nationalities use when they want to boost their business or woo a client.

"I'd estimate the cost of the subsidy at the semivalent of \$7.5

I'd estimate the cost of the subsidy at the equivalent of \$7.5 million," said a U.S. banker. He also scoffed at the official line that the borrowers come to the market to keep open their diversified source of funding.

Meanwhile, the Japanese banks are reported to be preparing a flood of 200 billion worth of Enro-yen subordinated bonds aimed at bolstering their capital.

Overall, traders report good demand for dollar paper. Investors appear comfortable with the view that rising short-term interest rates are good for the dollar-bond market because they calm fears about future inflation. ..

But whether there is still demand for exotic names will be tested when Lebanon makes its debut under the aegis of Merrill Lynch & Co. The government is aiming to raise at least \$150 million with a

See BONDS, Page 11

THE TRIB INDEX 122 World Index International Herald Tribune World Stock Index, composed . 121 of 280 internationally investable stocks from 25 countries, 120 compiled by Bloomberg 119 Business News. Week ending August 26, 117 daily closings. 145 SIZE(04 S719/04 Change Capital Goods 120.43 119.01 +1.19 Energy 113.96 113.39 -0.50 Utilities 130.05 130.26 -0.16 Raw Materials 134.57 133.82 +0.56 Finance 115.61 117.97 -1.15 Consumer Goods 104.42 103.40 +0.99 Services 122.87 122.08 +0.85 Miscellaneous 133.53 132.92 +0.46

CURRENCY RATES

The index tracks U.S. dollar values of stocks in: Tokyo, New York, London, and Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, Dohmark, Pinland, France, Germany, Hong Kong, Italy, Mudico, Netherlands, New Zeatend, Moreey, Singapore, Spain, Sweden, Switzerhand and Venezuels. For Tokyo, New York and Landon, the endow is composed of the 20 top assues in terms

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Focus on **Inflation**

Fed, Bundesbank Keep Eye on Jobs But Key Is Prices

Bankers

Compiled by Our Staff From Dispatches
JACKSON HOLE, Wyoming - U.S. and German central bankers indicated over the weekend that they were concerned by unemployment, but they were unwilling to consider an inflationary interest-rate pobcy as a cure.

"Monetary policy cannot be expected to make an active and direct contribution to a lasting reduction in unemployment, Hans Tietmeyer, the Bundesbank president, said at an international meeting here spon-sored by the Kansas City Federal Reserve Bank.

"Ultimately, jobs can only be created by a bealthy economy, and no economy can be healthy if inflation soars out of con-

U.S. officials, however, noted that although their economy was expanding, there was a widening disparity between those with high-paying jobs and those at the bottom of the wage scale.

"If something isn't done, it will only get worse," said Lawrence Katz, the chief economist of the U.S. Labor Department. But Alan Blinder, vice chair-

man of the Federal Reserve Board, said the United States was near full employment and that the threat of inflation would become greater if unemployment fell much lower. Full or natural employment

is the threshold beyond which price pressures begin to show as confident consumers bead to the shopping mails and car dealers, while companies try to catch up from harder times by raising their charges.

Mr. Blinder said the role of monetary policy was to "guide the employment rate up to its natural rate but not higher." "By that criteria, the United States is extremely close," he

The Fed has raised interest rates five times since February. This month, in its most recent move, it signaled that it was satisfied for the present that it had done all it could to counter infla-

under frequent criticism in Congress and elsewhere for giving only lip service to the problems of joblessness. On Friday, Federal Reserve Board Chairman Alan Green-

The central bank has been

span cautioned against extensive efforts to reduce levels further by risky spending or other stimula-(Bloomberg, tive measures.

Knight-Ridder, Reuters)

Coping With Strong Yen **Profit Reports Show Winners and Losers**

By Steven Brull International Herald Tribune

TOKYO - Many of Japan's higgest companies bave begun to make more money again after years of declining profits and red ink, evidence of their uncanny ability to cope with a strong yen, which just a year ago appeared

ready to strangle the Japanese economy.

But a close look at the corporate results issued last week shows that while some companies are beating back the yen with smart management and superior technology, the improvement at others is illusory, more the result of financial might than enhanced competitiveness. Many companies remain in dire

Overall, Japan's 200 top companies expect an average 1 percent increase in current profit straits, unable to compete with the yen baving become as valuable as a U.S. penny, an in-

crease of more than 11 percent this year. Moreover, the restructuring that is necessary to make Japanese industry leaner and meaner has so far been more a collection of temporary

moves than a far-reaching revision. It is an approach that has been echoed by the government, which appears to be moving backward in its proclaimed effort to deregulate the economy to spur fresh growth and relieve pressure on the yen.

"To look at these results and say everything is over is very misleading," said Richard Koo, a senior economist at the Nomura Research Institute. "Structural problems haven't been going away; they're getting more serious ev-

ery day."
Still, the results issued last week are impressive. Matsushita Electric Industrial Co., the world's biggest consumer electronics company, which is known for the Panasonic and Technics brands, registered a 12 percent increase in consolidated current profit, which rose to 37.6 billion yen (\$376 million) for the

three months ending June 30. The Japanese current profit measure is a pretax measure similar to operating profit in other countries. and it includes gains and losses made on securities investments, as well as results from

other nonoperating activities.

During the June 30 quarter, Honda Motor
Co. enjoyed a 110.3 percent spurt in consolidated current profit, to 32.25 billion yen. Despite a sales increase of only 3.8 percent, Canon Inc. saw its current profit soar 84 percent to 28.5 billion yen during the balf-

in the year through next March, compared with a 20.6 percent slide the year before, according to a compilation that excluded banks, brokerages and insurers, the financial daily Nikkei Shimbun reported over the weekend. For manufacturers, the increase should be a bealthy 12.1 percent, but for others, current profit is forecast to dip another 9.5 percent.

But even at Toyota Motor Co., the nation's mightiest manufacturer, the outlook is not as bright as the numbers hint, Japan's biggest car company said last week that current profit had crashed 25.3 percent, the fourth straight decline, but the sum still came to a not-soshabby total of 214.03 billion yen (\$2.14 billion). Better yet, the company expects costcutting and improved demand for vehicles at bome and abroad to contribute to a rebound this year of 26.2 percent, to 270 billion yen.

Yet about two-thirds of Toyota's current profit last year came not from selling vehicles but from managing its hordes of cash, valued

See YEN, Page 11

Diller Opposes Superhighway Fights

EDINBURGH - Compawave of the media revolution

are expending too much effort battling one another, Barry Diller, the chairman of QVC Inc., has declared. Attempts by telephone, ca-

ble, broadcast, publishing and software companies to dominate the emerging multimedia marked have been misguided, he said Saturday at a television industry conference. "It's toism, each medium trying to colorize the other

information superhighway, instead, lies in following intuition rather than following the rest of the industry, he added.

Multimillion-dollar experiments are under way without ous any understanding of what convergence is really about, Mr. Diller said.

"Telecom companies, hroadcasters, book publishers, silicon chippers and software companies fear that if they don't rush helter skelter into each other's businesses, the great dance of the next century will pass them

by," he said.
"So we've all these organiza-

tions doing truly stupid things dustry was to let the creative, in anticipation of enormous programming side have its bead nies elbowing to catch the next markets that don't currently ex-

> But those looking to Mr. Diller's own next move for pointers to the way ahead heard few clues.

After failing to huy Paramount Communications Inc. or lating and chasing the crowd," merge with CBS Inc., the com-pany he heads, QVC Inc., is He cited QVC's "smartbig shareholders. Mr. Diller development, as an example of said he would stay at QVC until convergence that had worked day's form of media imperial- at least December if its impend- out. ing sale to Comcast Corp. and

> went through "What's next for me is going to take a long time to think through," he said, adding that he did not want to be "ohvi-

> Mr. Diller, the former head of Rupert Murdoch's Fox television network in the United States, will realize a profit of around \$93 million on his investment of \$25 million in

> Asked if be would try to buy another network, he said: "The only reason I might not is because it's so expected."

His prescription for the in-

and become "convergence contrarian," rather than trying to apply lessons learned in the old

media to the new world. "It means having the patience to relax and follow your curiosity instead of hyperventi-

under siege from two of its own agent" technology, now under

The technology puts together the Tele-Communications sub- highly detailed profiles of indi-The key to success on the sidiary Liberty Media Corp. vidual consumers, matches now available throughout the world, and provides in a millisecond the goods, services and information that the consumers

(Reuters, Bloomberg)

A Coup for Fox

Fox Broadcasting continuing its efforts to strengthen its network of affiliates in local television markets, has gained effective control of the ABC affiliate in New Orleans and NBC affiliates in Honolulu and Mo-

See DILLER, Page 11

Bombay Notebook

India Is Hungry for Top Executives

With business confidence booming and a growing influx of foreign investors, India's top executives find themselves in

The country's business press, which bas expanded by several titles in the past two years, is bursting with job offers for senior executive positions at companies across the country.

Those with experience in marketing and financial services, especially with international exposure, are asking for -and getting -- salaries on par with their

While newcomers to the Indian consumer markets bave raided already-established foreign-local joint ventures for talent, many of the big Indian industrial groups are luring senior bureaucrats and managers away from the country's large

Freed from government restrictions on expanding into other fields of busi-ness, many indian companies are launching efforts in entirely new areas. particularly in infrastructure, capital markets and international trade.

"I was able to convince our board that we would have to pay a salary much higher than any of them were getting now for the right person to build a business for us," said one executive with an old-school Calcutta-based commodities trading firm eager to break into stock-broking in Bombay.

"But we've been looking for months and can't find the right person," said the executive. "Everyone else is looking too, including the big names from New York, London and Hong Kong."

Indians who have emigrated overseas for their education and then stayed on for work are now a target of the top

"Many of them would like to return to India and give their families a taste of life here," said an executive with one of the country's largest companies based in

We can offer them competitive salaries, but they are worried about things like schools for their kids and the overseas lifestyle they have gotten used to."

No Dearth of Cucumbers

While India's economic turnaround owes much to wide-ranging reforms initiated in New Delhi, much of the progress can be attributed to a higher authority, the weather.

In a country where most people still work in the agricultural sector, the monsoon rains have played a major role in the government's ability to predict a S percent growth rate for the economy this

Heavy rains have caused severe flooding in several parts of India, with large losses in life and property, but nverall bumper crops of most commodities are expected this season after the best monsoon for several years.

But, as a current cucumber glut in Bombay is illustrating, food surpluses are testing the country's storage and distribution systems and a complex pricing structure for many commodities.

While the truckloads of vegetables considered a cooling delicacy in the bot summer months will be welcomed by consumers in the cities, prices are quickly falling from the current rate of 20 to 25 rupees (6 to 8 cents) per kod, about 20

To make matters worse for growers, this is only the first of two crops expected this year. Another variety traditionally ripens in about two to three weeks.

Investment Is Chilled

In a sign of India's new appeal for foreign investors, hotels have been jampacked this summer, a season when blistering temperatures and weeks of rain normally dissuade most tourists from coming to India.

Bustling lobbies may indicate new interest from business executives, but foreign investment statistics reveal India has yet to see the full evidence of their

From 1991 to the month of June this year, up to \$5 billion worth of direct foreign investments bave been approved by a government eager to attract capital. But just over \$1.2 billion worth of funds have actually been invested to date.

Lagging far behind China in terms of total foreign investment committed over the same time period, India's ability to turn rhetoric about freer markets into reality remains in doubt.

A number of reforms, particularly those meant to allow foreigners a role in infrastructure development, have bogged down and the turmoil in the airline business provides an example.

Several new domestic airlines have formed to challenge the nne-time monopoly held hy Indian Airlines on domestic routes with a much welcomed improvement in service for travelers. In-ternational airlines have put increased pressure on state-owned Air India as

But recent restrictions on imports of more planes for domesuc carriers and a ban on travel with private sector airlines for Indian government officials, along with new pricing and ticket sales restrictions on international competitors, is widely viewed as protectionism in a new

"I think they are finding that competi-tion is much easier talked about than done," said one international airline executive. "Replacing one set of restrictions with another is no way to be taken seriously."

Kevin Murphy

ITT, Cablevision Seen Winning N.Y.'s 'Garden'

By Murray Chass New York Times Service

NEW YORK - The billiondollar bidding war for Madison Square Garden has ended with Cablevision Systems Inc. and the ITT Corp. winning the sports and entertainment properties, which include the New Rangers and the MSG Sports Network, executives of the rival

bidder have disclosed. Viacom Inc., which owns the Garden properties, including the arena, did not announce a deal, but executives of Liberty Media Corp., the only other bidder, said Saturday that they had been told they had lost the bidding contest.

"They were trying to get back in it, but they weren't successful," said a New York business executive who also has sports interests and is close to Liberty Media. They said Viacom told them it's a done deal, it's over." Cahlevision and ITT scheduled a news conference for 9

P.M. New York time on Sunday, where they were widely expected to announce the deal. The winning bid was said to be close to \$1.1 billion. Liberty

Media bad bid \$1 billion. Some financial analysts said the bids seemed astoundingly bigh, valuing the properties at no more than \$700 million. The difference in the bids, though, was apparently not the

decisive factor in the outcome. Viacom and Tele-Communications Inc., a cahle television giant that owns Liberty Media, were negotiating a much bigger deal involving related transactions that would have more than and the MSG television service doubled the value of Liberty's on the block shortly after winbid for the Garden properties. ning control of Paramount Com-They were also negotiating the munications Inc. in a costly bidsettlement of an antitrust lawsuit that Viacom bad filed against

Tele-Communications. But those negotiations fell games, as well as a contract to apart last week over major con- carry New York Yankees basecessions sought by Viacom, one ball through the year 2000.

executive close to Liberty said. "They became so big they became dominant." be said.

Another executive traced the problems to the strong-willed personalities of Sumner Red-stone, the head of Viacom, and John Malone, the head of Tele-Communications. "Redstone York Knicks, the New York and Malone had too many arguments," be said. "They are two bard-willed people."

But one lawyer familiar with the bidding raised the possibility of antitrust objections to a deal with Cablevision.

"How is Dolan going to be the only pay-TV service controlling sports in a city like New York? the lawyer asked, referring to Charles F. Dolan, the head of Cablevision. "I'm sure there is going to be some government fight. I don't think New York City and and the Feds will sit by

and take this lightly."

As the head of Cablevision Systems Inc., the nation's fourth-largest cable operator, Mr. Dolan has made sports programming - particularly of New York sports — a central pillar of his company's growth for nearly three decades. Based in Woodbury, New York, Cable-vision has 2.5 million subscribers in 19 states.

ITT, on the other hand, is a conglomerate that has \$750 milbon to \$1 billion in cash on hand and a stated desire to augment its operations in what are now three lines of business: insurance and financial services, manufacturing and hotels.

Viacom put Madison Square Garden, the Knicks basketball team, the Rangers hockey team, ding fight against QVC Inc. The MSG channel has exclusive cable rights to the two teams'

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lesuer	Amount (millions)	Mat.	Coup.	Price	Price end week	Terms
Floating Rate N	otes		· ·	- ; ;-	7.	
Bank Negara Indonesia	\$148	2001	1.28	100	· · · · · ·	Over 6-month Libor, Noncollable, Fees range from 0.85% to 1.20%, Denominations \$500,000, (Sakura Finance Asia.)
Wheelock Finance	HK\$ 1,000	1999	1	100		Over 6-month Hilbor, Noncollable, Fees 0.50%, Denominations HK\$250,000. (Goldman Sachs Asia.)
Fixed-Coupons		:				
General Electric Capital Corp.	\$100	1997	612		-	(ssue price not disclosed. Noncollable, Fungible with outstanding issue, raising total amount to \$350 million. Fees 13/16 (Kidder, Paobady Int 1.)
Japan Highway Public Corp.	\$500	2004	7%	99.564	99.42	Noncollable, Fees 0.325%, (LTCB Int'L)
Crédit Commercial de France	DM 200	1999	7	102.02	100.15	Reoffered at 99.77. Noncollable. Fees 2%. (Goldman Sachs.
Ford Credit Europe	DM 200	1999	71/6	101.47	<u>.</u> =_	Noncollable, Fees 25%, (DG Bank.)
Council of Europe	т. 150,000	1996	1714	100.91	100.15	Reoffered or 99.91. Noncollable. Fees 11/1%. (Banca Di Roma.
General Electric Capital Corp.	m₋150,000	1997	111/4	101.025	100.20	Noncollable. Fess 196%. [J.P. Morgan Securities.]
Rabobank Nederland	mr 3000,000	1997	111/2	100.955	100.35	Noncollable. Fees 11/3/. (Swiss Bank Corp.)
General Electric Capital Corp.	DF 250	1997	6%	100.958		Reoffered at 99.77. Noncollable. Fees 176%. (ABN-AMR) Bank.)
Nederlandse Gasunie	DF 250	1999	7	101-225		Reoffered at 99.60. Noncollable. Fees 116%. (ABN-AMRC Bank.)
General Bectric Capital Corp.	ECU 100	1998	7%	101.055	99.40	Reoffered at 99.63. Noncollable, Fees 196%, (UBS Securities.
KFW Int'l Finance	ECU 150	1998	7%	101.05	99.40	Reaffered at 99%. Noncallable. Fees 1 1/7%. [Barclays De Zoel Wedd.]
Deutsche Bonk Australia	Aus\$ 100	1999	9	101%	99.70	Noncollable. Fees 2%. (Deutsche Bank.)
New South Wales Treasury	Aus 100	1997	41/2	91-537	 .	Semicannually. Noncollable, Fees 14%, Denomination AusS10,000, (Nomura Int.)
Toyota Motor Credit Corp.	Aust 125	1997	816	100.97	-99.5 5	Noncolable. Fees 19/%. (Hambres Bank.)
Western Australia Treasury Corp.	y 10,000	1996	3.10	100.10	,;	Noncollable. Fees 0.15%. Denominations 10 million year [Daiwa Europe.]
WestLB Finance	- ¥15,000	2004	4.93	100		Noncollable, Fees 0.35%. Denominations 100 million yer (Salamon Brothers Int'l)

BONDS: Japan Borrowers Turn to the Dollar Market

Continued from Page 9 three-year issue that is expected

to yield some 3.5 percentage. points more than comparably dated U.S. government paper. Also in line is a \$500 million global bond, likely to be for five years, from Korea Development Bank under the management of CS First Boston.

As for who is buying bonds currently, Sushil Wadhwani at Goldman, Sachs & Co. in Lon-Bank for International Settledon said he believed that retail customers were returning in strength following the recent stabilization of prices in the major markets. "Much higher real rates will draw retail investors back," he said.

ments noting that banks had been net sellers of securities during the second quarter was potentially good news because this meant they were positioned curities firms underwriting the to resume purchases.

■ Trade Gambit by Tokyo

that U.S. government procure-

are even less open to outsiders

Tariffs and Trade had showed

that the foreign shares of U.S.

government purchases of tele-

communications and medical

equipment were lower than

The United States, frustrated

with a lack of progress in talks

on improving access to Japan's

lucrative government procure-

ment market, has imposed a

deadline of Sept. 30 for agree-

ment to be reached before it moves toward sanctions.

have responded to U.S. accusa-

The Japan Broadcasting

Corp. said the statistics indicat-

ed that while Japanese govern-

ment purchases of foreign tele-

communications equipment were just 0.6 percent of the total

in 1991, the corresponding fig-

ure in the United States was

The foreign share of govern-ment purchases of medical

equipment, meanwhile, was

38.5 percent in Japan and 1.5

percent in the United States, it

The United States argues

that unclear procurement pro-

cedures in Japan have kept its share of public purchases of

Japanese medical equipment

down to 20 perceot, eveo

though in other markets it holds

even lower, at 0.07 percent.

hose in Japan.

YEN: Profit Reports Show Mix of Winners and Losers

Confirmed from Page 9

at 2.14 trillion ven (\$21.4 billion), an amount that has earned it the nickname Toyota Bank. With exports made unprofitable by the high yen and the prices of domestic vehicles falling, Toyota's profit margin per vehicle slumped to less than l percent, said Keith Donaldson, director of research at Salomon Brothers Inc. in Tokyo.

Moreover, while carnings have been buoyed by sales growth in the United States, much of the increase there is due to leasing, a dodgy strategy that could result in losses if resale values are below expecta-

In Europe, meanwhile, Toyota and other Japanese carmakers are losing market share because they have passed on a bigger share of high-yen costs than they have in the United States. But prices are set to rise in the United States too: Toyota plans to increase sticker prices on its U.S. models by an average of 3.5 percent, or \$606, for 1995 models, the company said last week.

Toyota's forecast for the current year also makes some optimistic assumptions, including a yen rate of 103 to the dollar and a 7.5 percent expansion of the home market. Should conditions be less favorable, Toyota's results, and those of other Japanese carmakers, will be dealt a severe blow.

The auto industry is not competitive at below 100 year to the dollar," Mr. Donaldson said. "They've got a lot more to

Dealing with excess capacity is among the biggest tasks. As increasing numbers of vehicles are produced offshore to escape the high-yen environment, Japanese automakers now have the ability to make 2 million to 3 million more units than are occded each year, as many as a dozen plants are redundant.

But aggressive moves such as plant closings and layoffs have been resisted, with companies preferring instead to put a freeze on new hires and cut back on overtime and bonus Dayments.

Continued from Page 9

bile, Alabama, Andy Meisler of

the New York Times reported.

In a deal announced Thurs-

day, SF Broadcasting, a joint venture of Fox Television Sta-

tions and Sevoy Pictures Enter-

tainment, agreed to pay 5229

million to Burnham Broadcasting Co. of Chicago for three stations: WVUE in New Or-

leans. WALA io Mobile and KHON in Honolulu. All three

Some of Japan's electronics companies are in stronger positions, having overcome the yen with liquid crystal displays, hard disk drives, memory chips and other high-tech products in

hot demand. Canon Inc., for example, is set to expand its share of the world market for ink-jet printers, already at about 45 percent, with inexpensive color models. The microchipmakers Fujitsu. Ltd. and Oki Electric Industry Co. also predicted big gains in

"Japanese electronics companies have lots of cash, and they'll go again," said David Benda, an analyst at Barclay's de Zoete Wedd. "There will be another comeback for Japan, some of it from bases in South-

There is gloom, though, among Japanese steel, construction, utility and other commanufacturing concerns. The prognosis is even more problematic among the myriad small suppliers, where profits have been squeezed to the bone and many have folded, as the immense entities at the top of the Japanese corporate hierarchy shift to off-

"The big companies with lots of assets can weather this many more years," Mr. Koo said. "But smaller manufacturers are not getting loans, times are very

Aggressive deregulation would open up new areas of growth, make Japanese companies more compenitive and take pressure off the yen by spurring imports. But the coalition gov-criment led by the Socialist prime minister, Tomiichi Murayama, is moving cautiously 00 the deregulation drive launched by Morihiro Hosokawa last

Transport Minister Shizuka Kamei, for instance, recently criticized Japan Airlines for a plan to hire Japanese stewardesses with annual, as opposed to lifetime, contracts, even though the carrier, which has been losing money, saw the move as essential to its restructuring. JAL was forced to suspend the pian, rather than risk 40 to 50 percent market share.

Spate of Corporate **Bond Sales**

Bloomberg Business New BELJING - China will issue 4.5 billion yuan (\$517 million in corporate bonds in the re maining months of 1994 to fund 300 to 400 infrastructure and technical renovation projects the official oewspaper China Daily reported on Sunday.

To attract investors, the pa per said, the bonds - from companies in the transportation, energy and raw material: industries — will carry a cou-pon rate 40 percent higher than the interest rate oo bank denosits for the equivalent period. Yet an unnamed officia

from the People's Bank of China, the country's central bank predicted that buyer enthusiasm for the bonds would not be high, despite the yields.

The official said investor interest would be diminished by the greater risk associated with corporate bonds and the recent resurgence of China's two stock markets, the paper reported.

China's investors have already been tapped for 110 bilfion yuan in government bonds, while cash-flush Chinese have poured money into banks, increasing savings in the first half of 1994 to 1.77 trillion yuan, up 38.6 percent from the same period a year ago.

China's corporate bond market is a relatively small force in the country's financial dealings, with most big public-sector companies opting for cheap, state-directed loans. By the end of 1993, China had issued about 61.8 billion yuan in corporate bonds, China Daily said,

The bank official said the seoew bonds would probably not be able to sell all the issues. Nonetheless, they are expected to participate because their other main source of revenue, underwriting share offers, dried up afgoing against "administrative ter the state banned stock issues for the rest of the year.

Japan plans to turn the tables on U.S. negotiators by arguing Banks to Reduce ment practices in two key areas Poland's Debt.

than those in Japan, news orga-nizations in Tokyo reported Agence France-Presse WARSAW -- Foreign com-Sunday, according to the Asso-ciated Press, mercial banks have agreed to slash Poland's \$13.2 billion pri-Quoting unnamed govern-vate debt by around 45 percent ment sources, the Japan Broad- and will sign a rescheduling arcasting Corp. said government rangement Sept. 13. Polish teleresearch into statistics compiled visioo reported oo Saturday. by the General Agreement oo

Prime Mioister Grzegorz Koldko called the agreement historic, saying it would "bring to an end 14 years of abnormal financial relations" between Poland and the rest of the world.

Repayments will be spread over 30 years and will not ex-ceed \$400 million a year.

China Plans Economic Reports Mean Turbulence

Bloomberg Business News NEW YORK — U.S. bonds ended the week unchanged following the market's largest swings in three months in a market that was whipsawed by conflicing evi-

dence about the economy's strength.

Dealers warned that the turbulence was likely to persist this week because a string of economic reports are expected and because the market is likely to be thin with many traders and investors taking long vacations during the Labor Day weekend. Economic reports are oo tap every day

next week. "You're going to see dramatic moves up and down but that doesn't tell me a lot about the market's future direction," said Dan Morris of Consistent Asset Management. "This is the kind of stuff that tears you up."

The string of economic reports begins Monday with the Commerce Department's release of personal income and spending figures for July.

Tuesday will bring reports on consumer confidence, new-home sales and retail sales. On Wednesday, there will be the index of leading economic indicators and a survey of purchasing managers in the Chicago area. The national survey of buyers

for corporations comes Thursday, along with figures on unemployment claims and

construction spending.

But the main event next week will be the release on Friday of the August employment report, potentially the most market-

U.S. CREDIT MARKETS

moving economic indicator for months. The Labor Department's report will provide the first peek at how strong the economy may be in the third quarter.

"I think the numbers, for the first time in three or four months, will be signifi-cant" in determining where interest rates are heading, said William Stevens, a manager at Montgomery Asset Management.

Traders noted that the jobs report will arrive just as traders and investors are breaking for the Labor Day weekend, keeping trading staffs low.

The reports next week could jolt bond vields out of a narrow trading range that has persisted since mid-May, investors said. The yield on the benchmark 30-year bond hovered at 7.50 percent for the past seven weeks, and fluctuated between 7.25 percent and 7.75 percent in the past three months. The yield began the year at 6.35 percent.

Europe

e Expected this week Amster

dam April trade balance. Frankfurt June capital account.

Rome July foreign reserves. 92.0 trillion lira.

Rome July belance of payl cast: 1.7 trillion-line deficit.

Helsinki July trade balanca. For 3.6 billion markka surplus.

Copenhagen July unemployment Forecast: 12.1 percent.

"We've had daily volatility but not monthly volatility." Mr. Stevens said. "I think the market will end its period of a trading range sometime in the next several weeks. It will set off in a new direction, and that new direction will be determined by the economic indicators of September and

October." Last week the benchmark 30-year bonds rallied on Friday as much as 1.25 points after a government report provided evidence that economic growth in the second quarter was less than expected. The advance followed a decline of 7/8 point on Thursday which had offset a gain of that scope the day before.

Bonds last experienced three days of similar price swings in June.

The yield on the 30-year bond was quoted at the end of trading on Friday at 7.483 percent, down slightly from 7.485 percent a week ago. The five-year bond's yield was quoted at 7.227 percent, down from 2.256 percent a week ago.

The figures released on Friday showed that the economy had expanded at a revised 3.8 percent annual rate in the secood quarter, up from the 3.7 percent pace re-ported initially.

The Week Ahead: World Economic Calendar, August 29 - September 2

Asia-Pacific

 Aug. 29 Camberra Balance of payments data for July. Forecast: Current account deficit of 1.5 billion Australian Tokyo Large acale retallers' sales in

July released by Manistry of Trade and Bengkok Tuntex (Thailand) PLC announces details of expansion and finenc-ing plans for its petrochemicals produc-

Bangimik Lest day to buy shares in Swedish Motors PLC and qualify for a 1:1 nghis lesus.
Belling U.S. Commerce Secretary Ron Brown and China's Minister of Foreign Trade and Economic Cooperation Wu Yi

hold a signing ceremony for framework agreements reached through the U.B.-China Joint Commission on Commerce Bombay Two-day buyer/seller meet or-ganized by the indian Apparal Export Promotion Council begins, covering spring-

roseon Council begins, covering spring-regularity and the second of the covering appropriate and a Steel, Shanghal Petrochemical.

Aug. 30 Camberra Foreign debt for June quarter, Forecast; Rise. Tokyo July unemployment rate and job-

Balting U.S. Commerce Secretary Ron Brown speaks at a U.S.-Ching Business Council luncheon on commercial policy. Jakarta Bintang Kharishma, B shoemak-er, to list 10 million shares on the Jakarta Stock Exchange. Token U.S. and Japanese officials hold

toky tus, and laparese organic non hyo-day talks on foreign access to Ja-pan's sheet glass market. Hong Kong Asia Law & Practice Semi-nars hold one-day China Transport Fo-

Singapore 17-member delegation from Zhouchun, a district of Zibo city in Shandong province, China, to present 50 pro-jects worth about \$80 million to Singapore Aug. 31 Tokyo July housing starts and Construction and construction. Tokyo Shares of women's bag ret Tokyo Derica to begin trading on Japan's

Hong Kong Cathay Pacific Airways un-veils a new corporate identity, including new livery for its sircraft. Wellington The investment company id-dison Group Vietnam Ltd. to register pro-spectus to rates 57.5 million and trade shares on New Zeatand stock exchange. Earnlange expected Fletcher Challenge, M.I.M. Holdings, Slam Cement

A schedule of this week's economic and financial events, compiled for the international Herald Tribune by Bloomberg BusiTokyo Foreign currency reserves at and Central Bank Ltd., proposed rights and bonus issues and proposed change of name to Philipo Allied Bhd.

of August. Singapore Printed circuit board maker Elec & Eltek Int'l, Co. to close its initial Sydney Prime Minister Paul Keating

launches Australian goven program at Regent Hotel. me Jim Wall, managing director of mining concern Savage Resources, ad dresses Securities Institute of Australia. Earnings expected Among Arambins in.

Sept. 2 Tokyo Ministry of Finance releases July current account balance fig-

Geneva August real gross domestic product. Forecast: Up 1.7 percent in year Tokyo Ministry of Finance releases to-Frankfurt July industrial produ tals of Japanese investment in foreign stocks and bonds and foreign investment Forecast: Up 0.5 percent, In Japanese stocks and bonds.

Hong Kong Stock Exchange holds an emergency general meeting to consider various, se-of-yet unspecified, ussues raised by members to resaind new trading dex. Forecast: Up 0.4 percent in month, up 2.5 percent in year.

• Aug. 29 Brussels August consum-er price index. Forecast: Up 0.3 percent in nonth, up 26 percent in year. Aug. 21 Amsterdam 2nd-quarter

rules introduced on July 1. Camberra Prime Minister r Paul Keating gross domestic product.
General United Nations conference on launches final report of year-long study into export services. Singapore Takeover offer by Hong Kong's Pacific Century Group for Singapore-based investment company Sea-power Asia investments closes.

power Asia Investments closes.

Bangkok Last day to buy shares Thai Factory Development PLC, a builder of large-scale manufacturing facilities, and quality for a 3:2 rights issue.

Sydney Stan Walle, managing director of paper and packaging group Amcer, addresses Socurities Institute of Australia.

Austrelian Council of Wool Ex-annual general meeting, with

speech by Charles Armstrong, president of the Wool Council of Australia.

of the Wool Council of Australia,
Hong Kong U.S. Secretary of Commerce Ron Brown speaks at a American
Chamber of Commerce function.
Kusta Lumpur Linatex Process Rubber
Bhd, holds shareholders' meeting to dis-

Earnings expected Assurances Generales de France, Battica Forsikning, Banque Bruxelles Lambert, BolsWesteren, Cha-Gelty, Daimier-Benz, Groupe Bruxelles Lambert, Tele Dammark, e Sept. 1 Frankturt Bundesbank central council meeting.

Earnings expected Elf Aquitaine, Ladroke Group, Reckitt & Coleman, Rots-Royce, Telefonica de Espana, Vickers, Williams Holdings. Floyce, Telefonica de Espana, Victors, Williams Holdings. • Sept. 2 Brustals August unemploy-ment rate. Forecast: 14.5 percent. London August official reserves. Fore-cast: \$25 million deficit. WX Earnings expected Delhaize "Le Lion,"

Americas

Earnings expected this week Eckerd, Lesie Fay.
 Aug. 20 Washington Personal income and securities for July.

ion, holds a press conference to discuss op personal communications services. Denver Oil, Chemical and Atomic Work.

Las Vegas Coopers & Lybrand open three-day conference for human resource personnel on educating employees how to manage their own retirement funds. Aug. 30 New York The Conference

Board releases its Index of consume confidence for August. Washington July new home sales.
Ottaws June unemployment insurance

statistics.
Santiago Chile's private industry group, Solota, releases industrial output figures for the month of July, Outlook: Increase of 6.9 percent in the first half of this year. Washington U.S. Department of Commerce holds a two-day workshop to discuss technical and economic issues technical and economic issues technical and economic issues technical and economic issues technical and intermation technology industries. Redwood City, CaRL Borland International Inc., in the mides of reinventing itselfs as a niche software developer, hosts its as a niche software developer, hosts its annual shareholders meeting.

Detroit Society of Manufacturing Engineers and Auto Industry Action Group's

AutoTech '84 conference begins. terdem August consumer price in-

. Aug. 31 Washington July leading economic Indicators.

Chicago The Chicago National Associa

tion of Purchasing Management releases its indexes for August, Wathington July fectory orders. Others June gross domestic product retransmit United National Contention of the August Chartered Institute of Purchasing Managers report. Parts July unemployment rate, Forecast 12.6 percent, Earnings expected Assurances Generalizations. port. Rio de Janeiro Government to auction

Rio de Jeneiro Government to auction petrochemical company Copene on Rio stock exchange for \$369 million. Austin, Texas Robert McTeer, praeldent of the Dates Fed, meets with local bankers to discuss the economic outlook for the region, the state and the nation. Escalings expected Fleetwood Enterprises, Fred Meyor, Liston Industries. • Sept. 1 Temps, Arizons The National Association of Purchasing Management releases to indexes for August. Yacyrets The first turbine starts producing electricity at the 2.7 megawarit Yacyrets hydroelectric plant jointly owned by Argentina and Paragusy. Esmanga expected Canadien Imperial Bank of Commerce, Royal Bank of Canadia, Shoney's.

da, Shoney's.

• Sept. 2 Washington August ombyment report. tawa Second-quarter industrial ca-

Buenos Aires August Intlation figures. Outlook: Consumer price Inflation expected to drop from 0.9 percent. ed to drop from 0.9 percent.
Santiage National Institute of Statistics to release August uniston rate, industrial production for July and unemployment for the three months ending July 31, Outtook: The central bank has forecast con

Numeric, New Jersey Potential buyers must submit bids by today for the assets of Western Union Financial Services Inc., a unit of New Valley Corp., to U.S. Benk-

SHORT COVER

In the past, Japanese officials tions of unfair trading with similar accusations of their own, Orders for U.S. Machine Tools Cool

NEW YORK (AP) — Orders for U.S.-made machine tools declined 14.6 percent to \$344.75 millioo in July but remained far issuing reports detailing various commercial sins of the United States and other nations while above the level recorded in the same month a year ago, a trade claiming Japanese markets to

group reported Sunday.

The Association for Manufacturing Technology said machine tool orders were down from \$403.65 million in June but were 39.2 percent higher than orders in July 1993. Orders for the year thus far totaled \$2,49 billion, 23.6 percent higher than \$2.02 billion in the comparable 1993 period.

Machine tool orders are considered a gauge of future ecocomic activity, since an increase in orders indicates that manufacturers believe that future sales will rise. The monthly report covers metal cutting and metal forming machine tools, which are used to manufacture goods from household appliances to aircraft engines.

Kenya to Liberalize Sales of Fuel

NAIROBI (Reuters) - President Daniel arap Moi has declared that the government will soon liberalize fuel sales in the country, the presidential press unit reported on Sunday. It quoted Mr. Moi as having told a rally in the Indian Ocean port of Mombasa that the government would ensure that farmers and small domestic consumers were not hurt. Mr. Moi did not indicate when the liberalization, long sought

by aid donors and pledged by Finance Minister Musalia Muda-vadi in his budget speech in June, would take effect. Fuel prices have long been under government control.

McDonald's Threatens German Hike

FRANKFURT (Reuters) - McDonald's Corp. has said that it will raise prices 25 percent if Germany introduces a tax on disposables, a move widely supported by the German public.

But the head of McDonald's German operations, Gerd Raupeter, said in an interview with the magazine Focus that he hoped it would not come to that. He noted that most of the fast food chain's 535 German restaurants already took part in governmen

Old New York Law Firm May Close

NEW YORK (NYT) - Lord Day & Lord, Barrett Smith, one of New York's most venerable law firms, may be on the verge of shutting down, a leading trade publication has reported.

Citing several of the firm's lawyers, The New York Law Journal said Lord Day management was working toward a dissolution by the end of September, which would coincide with the end of its

For the Record Germany should experience a 3 percent growth rate in 1995.

compared with the 2 percent expected this year, Chancellor Helmut Kohl said in an interview with the weekly Welt am Sonntag. (AFP) Top executives of Petron Corp., led by an executive of the Saudi Arabia Oil Co., have given up their shareholdings to defuse a controversy over the Philippine oil company's employee stock-option plan. Petron's president, Abdulaziz Khayval, who is an Aramco executive, and five vice presidents waived their right to the shares, Energy Secretary Delfin Lazaro said Saturday. (Reuters)

Euromarts At a Glance

Eurobond Yleids U.S. S. mdar ieran U.S. S. sbori ferm Pounds sterling French francs **Weekly Sales**

Nons \$ 322,00 1,4572,60 — 79,70 3,687.20 3,840.20 2,650,80 9,390,50 6,881,7 5 Mont 5 5-ment 55/14 51/4 \$ 15/16

Last Week's Markets

Stock Indexes Money Rates United States Aug. 26 United States AUS. 25 3881.05 188.44 3.764.50 + 3.10 % 187.32 + 0.60 % Olscount rate 400 4.00 Prime rate Federal funds 1.594.39 + 1.26 % DJ Trans. S&P 100 1614.40 429.30 + 2.05 % 464.37 + 2.03 % 543.54 + 2.33 % 256.00 + 1.88 % 438.12 Japan 134 2 % 2 % Coll money 203 NYSE CA Britain FTSE 100 3265.10 2552.20 3,191,40 + 231 % 2,496,90 + 221 % 6,00 4,65 5,00 FT 30 Call money Germany OAX 2149.57 + 0.56 % Hong Kong Hong Seng Aug. 19 MSCIP London p.m. flx.5 383,30 381,80 + 0.39 4

GLOBAL ENVIRONMENT FACILITY PROJECTS:

The U.S. Agency for International Development (USAID) solicits expressions of interest in receiving Requests for Proposals RFP) for two USAID-funded Global Environment Facility Projects. BULGARIA BIODIVERSITY GLOBAL ENVIRONMENT FACILITY PROJECT. This project is aimed at strengthening the Bulgari nature protection management system at the national and local levels.

DANUBE TRIBUTARY BASINS GLOBAL ENVIRONMENT FACILITY PROJECT. This project is aimed at reducing the emission of toxic compounds and pathogens to international waters in selected areas where potential pathways of human exposure cross national boundaries.

To receive a copy of both of these RFP, please submit a written request to:

Karen Beveridge, U.S. Agency for International Development, Office of Procurement

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are VHF stations, with channel positions below 13 on the dial. and as such are highly prized. Because Fox is a 25 percent equity partner in SF and Savoy owns all voting rights in the company, the purchases will not cause Fox to exceed federal regulations limiting each broadcast network to 12 "owned and

operated" stations. But certainly one, and possibly all three, of

the stations will switch their af- sic and television producer liation to Fox.

The most important prize for WVUE will probably force filiation to Fox.

DILLER: Media Concerns Advised to Stop Squabbling

the chairman of Fox, Rupert ABC to switch to this weaker Murdoch, is the station in New outlet. WNOL has no news op-Orleans Last year, Mr. Murdoch paid \$1.6 billion to the
National Football League to

The picture in Honolulu and

Fox is now represented in anyway. Analysts said that SF New Orleans by WNOL a may quickly sell WALA, the UHF station owned by the mu-

National Football League to broadcast games of the league's National Conference, of which the New Orleans Saints is a Honolulu, but indications are the witch will be made that the switch will be made

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Slow Harvest Is Plaguing Eastern Russia WORLD STOCKS IN REVIEW

MOSCOW — Gram, potato and vegetable crops in the far eastern Russia are being harvested at a disastrously slow pace because of a shortage of fuel and spare parts, the press agency Itar-Tass said Sunday. Only 80,000 out of 145,000

hectares (198,000 out of 358,000 acres) of grain will have been harvested by the end of August, by which time all grain has usually been gathered in, the agency quoted agricultural

Consolidated trading ended Friday, Aug. 26.

NASDAQ NATIONAL MARKET

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"The potato harvest has not yet started," it said. "Vegetables are dying in the fields. Beans are withering away."

Farmers have frequently complained that the government is ignoring the crippling financial and technical problems besetting the country's ag-

riculture. Prime Minister Viktor S. Chernomyrdin said Saturday that the state had already spent

1.3 trillion rables (\$604 million) to help with this year's harvest. He also said, however, that this year's grain harvest could be over 100 million metric tons, a higher figure than previous estimates, the news agency Interfax reported. He said he wanted to sell much of Russia's grain abroad to raise much-

needed hard currency. Mr. Chernomyrdin made his harvest forecast to reporters in the southeastern agricultural the state is un town of Orsk. Russian officials at that price."

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| The content of the

had previously put this year's harvest at 90 to 95 million tons, down from 99 million in 1993.

Interfax said Mr. Chernomyrdin had told local officials that the grain procurement price this year would be from 160,000 to 210,000 rubles a ton.

"Here there are people who are very keen to set a price considerably above world levels," he said. "This is not oormal and the state is unable to buy grain

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Continued on Page 17

Amsterdam

Prices recovered strongly last week after falling the week before. The benchmark EOE mdex bounced up to 420.83 points

Friday from 412.45 the Friday before.
Prices were helped by the strong showing seen in other European markets and good Dutch company results, brokers said. Among the international shares, Akzo Nobel rose 0.90 guilders to 220.30. Royal Dutch Shell and Philips also posted strong gains, while Unilever ended little changed.

Frankfurt

Frankfurt shares registered a modest rise last week, with the DAX index finishing Friday at 2,161.54 points, up 0.56 percent. Prices fell by almost 2 percent in the first two sessions due to bond market weakness and the dollar's decline, weighing on export-oriented companies. But a dollar rally late in the week, a firm Wall Street, and the release of some encouraging German business earnings results lifted the market.

Chemical issues were little changed on the week before, BASF shedding 1.50 Deutsche marks to end at 325 and Bayer 2 DM to

367.50. Hoechst was up 2 DM at 354.80. Mannesmann, which announced a sharp cut in its net loss in the first half, was off 24 DM oo the week and closed at 457 DM.

Hong Kong

Shares eased slightly in seesaw trading in Hong Kong last week, with the key Hang Seng Index off 5.36 points, or 0.06 percent, at 9,399.08 at the end of the week. Average daily volume amounted to 3.72 billion Hong Kong dollars, down from 4.08 billion dollars the previous week.

The property firm Chang fell 10 cents to 36.50 Hong Kong dollars and Hongkong Land lost 75 cents to close at 18.70 dollars. Hongkong Bank remained unchanged, while Hang Seng Bank fell 25 cents to 52.50 dollars.

London

Prices rose in London last week with the Financial Times-Stock Exchange 100 share index closing up 73.3 points at moment but they were oot optimistie 3,265.1 points. Traders said that investors about the short-term outlook for the mar-rose 35 francs to 1,126 francs.

had become increasingly bullish about ket in view of the looming presidential company performances in Britain and had elections, due in May 1995, which may

U.S. interest rates. The Confederation of British Industry revised its forecasts of British economic output this year to 3 percent from 2.4 percent. The employer federation's report, however, also predicted that interest rates, now at 5.25 percent, would finish the year at 5.5 percent, and would move up to 6.25 percent in the first half of 1995 because of

a gradual increase in underlying inflation.

Media shares were closely scrutinized during the week by dealers looking for the impact of the current newspaper price war on company figures. The Telegraph, 57 percent controlled by Canada's Hollinger Group, announced a 12.4 percent dip in first-half pretax profit and shares fell 11

pence to 367 pence.

Thorn EMI, which reported an 18 percent cut in first-quarter pre-tax profit to 133.1 million, dropped 22 pence to 1,040. Dealers said they were disappointed the group was not about to reorganize itself.

Strong company performances and gen-eral economic confidence pushed shares higher on the Milan stock market last week with the Mibtel index up 3.67 percent at 11,004. Generali rose 5.83 percent to 41,763 lire.

and Toro Assicurazioni rose 8.5 percent to 28,077 lire.

Among phone companies, Stet rose 1.67 percent to 5,129 lire, and Telecom Italia climbed 5.8 percent to 4,523 lire.

The carmaker Fiat rose 1.45 percent to ,515 lire, Oliveto climbed 1.92 percent to 283 lire, Ferruzzi rose 2.27 percent to 1,799 lire, and Montedison rose 1.9 percent to 1,396 lire.

Paris

Paris shares bounced back last week from recent falls and the CAC-40 rose 3 percent in the course of the week.

Analysts said cyclical shares appeared to have the most appeal for investors at the

become less worried about increases in create considerable uncertainty.

Singapore

Shares fell in Singapore last week following the increase in the prime lending rate by the top four local banks. The leading market indicator, the Straits Times Industrials index, lost 53.66 points, or 2.3 percent, for the week to close at 2,293.51.

Total volume in tthe market fell slightly to 1.2 billion shares last week from 1.4 billion in the previous week.

United Overseas Bank fell 1.10 dollars to 13.90 dollars.

The week's strongest gainer was Uni-phone Telecom, which surged 3.45 Singa-pore dollars to 10.30, following by Sungei Way, which added 1.12 dollars to 5.60.

Tokyo

Concern over the yen's strength against the dollar pushed share prices lower on the Tokyo Stock Exchange last week. The Nikkei 225 index fell 41.21 points, or 0.2 percent, to 20,471.49 last week.

The medium-term outlook for the market is generally considered promising with corporate performances expected to show big profit gains later in the year. But in the short term, the market is likely to remain depressed as long as the yen rises, affecting exporters in particular, dealers said.

Automakers were generally depressed with Honda falling 10 yen to 1,660 yen. Nissan Motor flat at 787 yen and Toyota unchanged at 2,150 yen.

Zurich

Zurich shares rose slightly during the week and the Swiss Performance Index climbed 0.8 percent, overcoming early falls caused by a slide in the dollar and by a rise in Swiss interest rates.

Banks were spared the general gloom and CS Holding fell 9 francs to 526 francs while Swiss Bank Corp. fell 4 fgrancs to 373 francs. Union Bank of Switzerland was lifted by positive analysts' reports and

Body Shop Denounces Article as Vilification

LONDON — Body Shop, a British cosmetics chain that has based its success on ecological products and philosophies, fought back over the weekend against an attack oo its claims of ethical purity.

The company's shares closed at 218 peoce (\$3.39) Friday. just 4 pence from their year's low, after a week of largely unsuccessful attempts by Anita and T. Gordoo Roddick, who founded the concern in 1976, to squelch the speculation about its environmental credentials.

Body Shop blames the an "obsessive campaign of vilification" by an American journalist, Jon Entine, for the plunge. Business Ethics, a magazine based in Minneapolis, is to publish an article by Mr. Entine about the company Thursday.

Mr. Roddick, Body Shop's chairman, took the unusual step Saturday of issuing a "Memorandum of Response to the Allegations of Jon Entine" in an attempt to discredit the journalist's methods, although little information about his upcoming article has been made public. "Mr. Entine's seriously unbalanced material has been widely rejected by the U.S. media," he said. "The Body Shop can no longer sit, wait and allow prepublicity hype to damage its reputatioo."

Business Ethics said in a statement that it had received letters from Body Shop's lawyers threatening lawsuits for libel if it published the article. We are proceeding with publication as planned, confident that we have documented all the facts in our story and that it is not libelous," the publisher, Marjorie Kelly said. "We consider this a balanced and fair story."

Body Shop built its chain of 1,100 outlets in 45 countries. most of them franchises, on the back of the environmental movement. It prides itself on its "green" image. advocating "trade oot aid" to help Third World countries, using tradicional ingredients, and avoiding the testing of products on animals. But news organizations' interest in the Roddicks, who own

shares in the company worth around £70 million (\$108.8 million), has intensified in the past two years. The Roddicks won damages last year after a 1992 television program cast doubt on their company's green-ness.

Its recent problems began when an influential U.S. ethical investment fund issued a sell order for Body Shop shares, partly because of worries over the forthcoming Business Ethics article. The shares have shed 30 pence (\$0.466) in 10 days, Franklin Research & Development Corp. said Wednesday that it had not turned against the company, although it reportedly thought the stock price was too high.

The Royal Society for the Prevention of Cruelty to Animals said Saturday that a report in the Guardian that the organiza-tion had dropped Body Shop from its list of approved companies was wrong.

Dongfang of China Says Profit Up 50% in 1st Half

HONG KONG - The Chimanufacturer Dongfang Electrical Machinery Co. said Sun-

day that its net profit totaled 26.77 million yuan (\$3.1 million) for the first half of 1994, up 50 percent from the like period the year before. The comparative figures were pro forma because the company

has only been listed on the Hong Kong stock exchange since June 6, the company said. Included in the profit figure was an exceptional item of 4.3

millioo yuan made up of inter-est from funds left by investors who subscribed for shares. Revenue rose to 275.3 million yuan in the first half, up 74

percent from the same period a Stock of the company was

originally offered in Hong Koog oo June 6 and met an nese hydro-electrie turbioe cothusiastic market debut. Dongfang was one of a pioneering group of nine state-owned Chinese eoterprises to sell shares in Hong Kong.

Siemens in China

Siemens AG plans to build three power stations in China and set up 15 joint ventures with a total investment of more than \$500 million, the official China Daily reported oo Sunday, according to a Bloomberg Business News dispatch from

The company's chief representative in China, Hermann Kölle, said the plants would be built under the country's socalled build, operate and trans-fer system, in which the company will transfer ownership after a specified operating time.

BusinessWeek

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Prices have jumped on the São Paulo stock exchange

Ebullient Mood Reigns Ahead of Elections

By James Brooke

AO PAULO — Imagine a free-market economy larger than Russia's placed next January in the hands of a former Sorbonne professor who believes in low inflation, privatization of state industries and a wider role for foreign invest-

With the first round of Bra-zil's presidential election five weeks away, Fernando Henriweeks away, remando Henrique Cardoso, 63, a social democrat, has suddenly surged in opinion polls, rising ahead of the longtime leader, Luis Inacio Lula da Silva, a socialist.

"The Election Stopped Being a Nightmare," Exame, Brazil's largest business weekly, hailed the startling aboutface. In the space of six weeks, an

estimated 20 million voters mi-

grated to Mr. Cardoso's ranks, largely abandoning the Workers Party candidate universally known as "Lula."

Enjoying preference margins ranging from 15 to 20 percentage points, Mr. Cardoso may even win a majority on Oct. 3, eliminating the need for a runoff on Nov. 15. Responding to the opinion polls, São Paulo's stock exchange index has increased 67 percent in dollar terms since July 1. In August alone, foreigners have invested an estimated \$1 billion, raising foreign participa-tion in São Paulo's market to a record 25 percent.

With prospects now high that Brazil will be governed through the end of the decade by an internationally respected centrist, American companies are announcing dozens of new ventures for Latin America's

er Video and Anheuser Busch are on the verge of starting operations here. Chase Manhattan has bought 17 percent of a cable television network. American Telephone & Tele-graph is to start making mo-dems in southern Brazil, Chrysler Corp. is launching its first car in Brazil in October,

With 4 percent growth ex-pected for a \$450 billion econ-omy, Brazil's expansion this year should almost equal the size of the economy of Peru.

and Holiday Inn plans to have franchised 50 hotels across the

nation by the end of the de-

Mr. Cardoso's surge in popularity and the corresponding surge in business confidence in Brazil stem in large part from the country's adoption on July 1 of a new currency, the real.

Unlike the gimmickry of previous plans, the real plan is based on the orthodox concept

that governments cause infla-tion through deficit spending. "What is different in Brazil now is that there is a critical mass of Brazilians who want stability," said one American banker who ends a five-year assignment here in September.

Unlike other plans, the real plan was adopted after the federal budget was precariously brought into balance, after local manufacturers were thrown into price competition with imports, and after the nation had run up \$42 billion in reserves, the eighth highest level in the

This foreign-exchange mountain has so intimidated speculators that, during the first two months of the plan. the central bank has not sold dollars to defend the real, which trades at about \$1.15. To keep local producers on their toes, import tariffs have been dropped to as low as 2

Because of low duties, Brazil's imports are expected to jump 15 percent this year, to \$29 billion. Trade with the United States is expected to surge 36 percent, to \$19 billion. Achieving in four years what took. Western Europe almost four decades, Brazil on Jan. 1 will join Argentina, Paraguay and Uruguay in a common market that stipulates common external tariffs and duty-free circulation of goods among the four countries. Known as Mercosul, the common market has been so successful that Chile

and Bolivia now want to join. After 50 percent inflation in June, Brazil's monthly inflation plummeted to 7 percent in July, and to 4 percent in August. Shellshocked by 5,000 percent inflation over the 12month period ending in June, Brazilians are suddenly getting used to stable prices.

"Through December, inflation is going to remain very low, very close to the 1 to 2 percent level forecast for this month," Exame magazine wrote in mid-Angust. "This factor, allied to the growth of the Fernando Henrique Cardoso candidacy in the polls, radically changed the business perception of the economy."

Public opinion surveys show that business people are largely

Among voters surveyed, about 78 percent support the plan.
"No group of any importance voices any criticism of the plan," John Reed, president of Citibank, said on visit to São Paulo in August. "Bank-ers are very optimistic about

Further contributing to business confidence, Mr. Cardoso has said that, if he wins, he will ask Rubens Ricupero. Brazil's finance minister, to stay-on and to continue the anti-inflation battle. If Mr. Cardoso wins, he will

be in a far better position than Fernando Collor de Mello, Brazil's last elected president, to push free-market changes

In 1989, Mr. Collor was elected president after running against the government and all major political parties. Inaugurated at age 40. Mr. Collor had a thin political résumé — an undistinguished term in Brazil's Chamber of Deputies and a term as governor of Alagoas, Brazil's poorest state.

In contrast, Mr. Cardoso would be inaugurated Jan. 1 with nearly 25 additional years of political experience. In recent years, he has served as senator from São Paulo, Brazil's most populous and most ter until last April, he is running for president on a broad-based party coalition that should guarantee him a working majority in Congress. Vir-tually every major newspaper, magazine, television and radio station backs Mr. Cardoso.

"This time we are up against the candidate, the media, the businessmen, and the state," complained Mr. da Silva, who narrowly lost to Mr. Collor in 1989. "Fernando Henrique may not be Ali Baba, but he has the 40 thieves with him."

RYING to inject class divisions into the race, Aloisio Mercadante, the Workers Party vice presidential candithe slave shanties, and the plantation house is going to

But polls show that voters increasingly believe that Mr. Cardoso has more modern ideas, and that he has the capacity to implement them.
"People are tired of the mes-

sianistic, inflammatory, indig-nant discourse," said Roberto da Matta, a Brazilian anthro-pology professor at the Uni-versity of Notre Dame in Indi-

Less than a decade ago, Brazil became the world's third most populous democracy, after India and the United States. Now, Latin America's largest economy may finally be starting down the track toward stability — low inflation and high growth. It is clear that Brazil could

not remain isolated, in Latin America and in the world, as one of the few countries which Mr. Ricupero, the finance min ister, wrote recently about the emerging political consensus for a serious anti-inflation

"We could only say that Latin America was again demo-cratie when Brazil returned to democracy," he continued, re-ferring to Brazil's return to civilian rule in 1985. "1985 was. the moment of the democratic turnaround, the way we hope that 1994 will be the moment of Latin America's stabiliza-

JAMES BROOKE is the Brazil bureau chief for The New York



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Brazil's new currency, the real

Can Inflation Be Tamed?

New Currency Puts the Theory to the Test

By Steven Broll

AS PAULO: - The middle-aged woman at the kiosk was buying only a magazine, but she took a pen from her purse and wrote out a check. Nobody raised an eyebrow, though, because Brazilians write checks almost everywhere, from Mc-Donald's to the airport parking lot. During a decade when annual inflation averaged more than 100 percent —and last year topped 2,500 percent - Brazilians learned that cash has little currency.

Yet since July, when the nation introduced the real, the currency associated with its shrewdest and soundest stabilization plan yet. inflation has been tamed. After a rate of nearly 50 percent in June, prices increased less than 7 percent in July.

Few Brazilians, however, believe the real plan will keep inflation at bay for long, and fewer still seem inclined to stop writing so many checks. Inflation here has become a way of life: wages, interest rates, rents and almost everything else has been indexed to it. Although the poor fell progressively behind, the well off—especially those rich enough to save offshore in dollars—did just fine.

Moreover, an array of political and business interests became dependent on inflation. In private, many Brazilians are rooting against the real plan.

"Brazilians have been too clever for their own good," said Eduardo Giannetti da Fonseca, a professor of economics at São Panlo University. "We allowed the country to continne despite inflation that would be lethal elsewhere, but in the process we created enormous resistance to solving the problem."

Brazil thus finds itself in a dilemma: increasingly, it feels at risk of falling behind Argentina, Chile and other Latin American states that have whipped inflation and enjoyed fast economic growth and inward investment; but correcting the government's extravagant overspending that is the underlying cause of inflation would spell political and economic upheaval.

So far, the real plan is working, thanks largely to the government's backing of the currency with the dollar, and a one-time deal to restrain government spending. But many observers here doubt these conditions will last much beyond January, when a new government takes over.

The plan will be a bridge guaranteeing stability until the next president comes in." said Mr. Giannetti da Fonseca. "But from and confidence." then, unless the fundamentals are taken care of, we'll see inflation again."

The fundamentals, chiefly a government spend more than it collects in taxes, will not in Brazil.

The state of the s

be easily corrected. It would mean reforming the constitution, which was written in 1988 by a populist government that sought to decentralize authority to the states after decades of military rule. The constitution requires the federal government to hand over more than half its revenues to state and municipal governments, which maintain bloated payrolls and support inefficient state-run enterprises. The federal government also operates its share of inefficient businesses, notably in the

banking, telecommunications and oil sectors. The extent of the problem is shown by the Banco do Brasil, a federal commercial hank. It has 125,000 employees, whose salaries com-prise 1.5 percent of Brazil's gross domestic product. Among the world's hanks, only the Bank of India is bigger. The central bank, unwilling to let the state banks fail, has no hope of maintaining monetary discipline, economists say.

If the real plan does succeed in stabilizing the economy over the longer term, Brazil will at last be able to realize its potential as the world's 9th largest economy. Brazil boasts a large entrepreneurial class and industrial base, as well as a functioning infrastructure. An end to high inflation would encourage more investment and could boost growth.

But failure could deal a crippling blow. Because the real plan dismantles the indexation system that allowed the nation to cope with high inflation, its defeat could invite true hyperinflation and undermine growth for the rest of the decade, economists say.

Although in technical terms the real plan is the best of 13 stabilization plans since 1979, its implementation became politicized as soon as its author, Finance Minister Fernando Henrique Cardoso, became a presidential candidate in March. Should Mr. Cardoso win, as now seems probable, he would likely make carrying out the plan his top priority.

But his opponent, Luis Inacio Lula da Silva, has less invested in the real plan. He is a socialist whose rhetoric is concerned less with inflation than the need to provide pensions, higher wages and other benefits to workers. Lula is not expected to dismantle the plan for political convenience, but few imagine he would rein in government spending.

Although dealing with Brazil's structural problems is a daunting task, optimists say the current environment of low inflation provides the necessary precondition. "It's impossible to negotiate reforms when inflation is raging," said Decio Hamu, a director at Banco SRL.
"This is a truce for restoring fundamentals

STEVEN BRULL, the Tokyo correspondent of that is virtually bound by the constitution to the International Herald Tribune, was recently

Cardoso Stakes Future on Real

IO DE JANEIRO - For all intents and purposes, Brazilian presidential front-runner Fernando Henrique Cardoso, is a one-issue candidate. His message: "get real." Or more accurately, get REE-AWL, the Portuguese pronunciation of the country's new dollar-hacked currency. And so far the country seems to

huying his pitch. Long mired at between 15 percent and 17 percent in public opinion polls — a distant sec-ond to the left-wing labor candidate Luis Inacio Lula da Silva — Mr. Cardoso has seen his popularity jump to more than 30 percent with the arrival of the country's new money, of which he was the architect. Some now even predict that Mr.

Cardoso, candidate of the Brazilian Social Democracy Party, will win in the first round of voting Oct. 3. If no candidate wins an absolute majority, the two first round leaders will face a runoff vote Nov. 15. "The Real Plan is working. For the

first time in years. Brazilians are going to the store and the prices are the same," said Ronaldo Cezar Coelho, Mr. Cardoso's campaign manager.

Mr. Cardoso's rapid surge in the polls has calmed those worried about an end to five years of modestly successful market-based economic reform. Mr. Da Silva and his Workers Party are committed to rolling back or slowing the pace of privatization, trade liberalization and government restraint begun under former President Fernando Collor de Mello in 1990.

While Mr. Collor was impeached for his role in an influence peddling scan-dal in 1992, his successor. Itamar Franco, has largely continued with the reform program, the Real Plan being the

latest and most sweeping component. For Mr. Cardoso, there are no solutions to any of Brazil's serious problems until some of the more surreal elements of the economy are stamped

The declining wages, increasing pov-erry, decaying infrastructure, collaps-ing social services and rising crime and disorder that both Mr. Cardoso and Lula denounce, have followed hard on the heels. Cardoso says, of a country addicted to funny money and inflation.

Despite the Real, things are still dif-ficult. Part of Mr. Cardoso's plan in-volved a constitutional amendment that cut direct federal government transfers to the states for health care and education, putting them in a pool instead for emergencies, a fact that has opened a line of attack for Lula.

"I'm not going to promise things I

know can't be delivered," said Mr. Cardoso. "To talk about the social side we need to talk about fighting inflation."

Lula and the Workers Party, however, point out that inflation is still going up, but wages are not being adjusted as they were under previous currencies. They also say the government did not take strong enough action against sharp price rises before the arrival of

Mr. Cardoso, Lula says, is thinking too much about international bankers and not enough about poor Brazilians. Unlike Lula, Mr. Cardoso says stability must come before wage increases. He also attacks his rival's ideas as ideologically rigid. The Workers Party "talks but they don't know," Mr. Cardoso said. "Inflation destroys income and the poor are the ones who suffer the most. I'm not afraid to support things that aren't popular. I'm not a monetarist or a neo-liberal, I never was. We have to stop talking about change when we can't deliver it. So far we have managed to change Brazil and we will continue."

A former Marxist-leaning university professor, Mr. Cardoso was exiled under during much of the 1970s by the 1964-1985 military regime. Taking up

Continued on Page 16

'The Squid' Challenges Economic Big Fish

By Jeb Blount

Cardoso: An economic optimist

IO DE JANEIRO -In Portuguese, his name "squid." And from name means the way much of the country's business and political groups are reacting to his seven-year run for the Brazilian presidency, he might as well be a Jules Verne-style sea monster ready to wrap his tentacles around the sinking ship of state.

Luis Inácio Lula da Silva known to all by the nickname that is now part of his legal name, Lula — and his leftwing presidential bid have become one of the biggest chal-lenges yet to Brazil and the region's rapid embrace of freemarket economic reform.

An economic nationalist, backer of radical social reform, Lula, leader of the Workers Party, was until recent weeks the front runner in the Brazilian presidential elections. For his supporters, such a challenge has been long in

coming. Lula, they believe, is lost a finger in an industrial their best hope to change an accident and was not fully littheir best hope to change an economic system where the big fish regularly gobble up the small fry.

"Lula is the only one talking about the problems that really affect the people," said Luiz da Sousa, a Rio de Janeiro office clerk. "We have to change the system,"

For his enemies, a Lula vicfory means the end to five years of economic reform.

"Lula is an obsolete leftist of the statist variety," said a Rio de Janeiro political science professor, Helio Jagaribe. "He promises a lot but I don't think he really understands what he's talking about or the cost of doing what he and the party want to do."

Lula's main claim to popu-larity is his outsider status. In a country where politicians, even those of humble origin, have historically cultivated a refined appearance and florid oratory, Lula flaunts his working-class roots. A former lathe operator and trade union activist, he

erate until early adulthood. Bearded, portly, his speech inflected with a lisp and throaty growl, he struggled with his conscience before agreeing to handlers' requests that he occasionally wear a suit and tie,

Lula made his name in the late 1970s as a union organizer in the tough "ABC" factory sector of São Paulo and Was jailed and harassed by the 1964-1985 military regime for his activities. Since his narrow presidential loss in 1989 to Fernando Collor de Mello, he has been campaigning almost non-stop. In the last two years he has toured much of the country, which is the size of the continental United States, along rotten roads in a bus.

"Unlike the other candidates, I think Brazilians see him as a worker," said Richard Foster, editor of the Brasiliabased newsletter Brazil Watch. They see him as the candidate

Continued on Page 16



Does Lula still have time to recapture the lead?

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Mercosul: A Boost for Trade

By Andrea Fornes

AO PAULO - On Jan. l, Brazil and its neighbors at the southern cone of South America plan to form a common market that will unite 200 million people in a regional economy worth more than \$800 billion.

The Mercosul accord signed this month, which will initially will include Brazil, Argentina, Paraguay and Uruguay, has the potential of doubling trade among the four countries in five or six years, analysts said. Chile and Bolivia may be next to join.

As the higgest economy in Latin America. Brazil has the most to gain. Trade within the Mercosul countries now comprises 15 percent of its total trade — an amount equal to that of Asia. After the accord takes effect, and tariffs on many products fall to zero, the momentum of intra-regional trade can only increase.

Brazil's trade with Argentina, for example, has nearly quadrupled since 1990, when leaders in the region first began to discuss forming a common market. It is now the second biggest market for Brazilian exports after the United States. By the end of the year, growing links in the automobiles, auto parts, tex-

ules, plastics and electrical machinery will expand hilateral trade to \$4 billion, nearly eight times the amount in 1986. Brazilian entrepreneurs are expected to invest some \$150 million in Argentina in 1994, even though Argentina's per capita income of \$6,050 is more than twice Brazil's \$2,700.

The idea of a regional customs union was first considered by Brazil and Argentina in the 1940s, but the idea was never implemented. The two countries tried again in 1986, hut an accord could not be signed because both countries were chiefly exporters of primary products.

Mercosul will help Latin American countries escape legacies of protectionism and statist governments. After being labeled "union of the poorest," in comparison with the trade blocs of the northern hemisphere, Mercosul is gaining respectability. Trade among the Mercosul countries has quadrupled since 1990 to nearly \$10 billion.

The trade agreement can also open the doors for its members to join the American and European trade blocs. Argentina, with gross national product of \$253 billion, expects an opportunity to join the United States, Canada and Mexico in the North American Free Trade Agreement, South

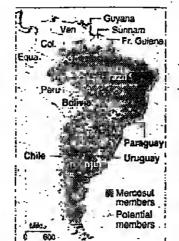
ther with President Bill Clinton of the United States during the summit meeting of the Ameri-cas in December in Miami.

"Argentina is ready to join NAFTA," Argentina's president Carlos Menem said recent-"But we cannot appear as the needy asking to be allowed in. When they invite us, we'll be there. And if they invite all of Mercosul, all the better."

Chile, whose \$40 hillion economy is also a likely NAFTA candidate, is angling. to join Mercosul. Lima has established tight ties with Brazil and Argentina, its third and fourth higgest trading part-ners. Mercosul markets already take more than 40 percent of Chilean output.

Brazīl is a long way from joining NAFTA, but the push its economy gets from Merco-sul will add to growing trade links with the United States. Melvyn Levitsky, the U.S. am-bassador to Brazil, said in an interview that bilateral trade could soar 36 percent, to \$19 billion this year. "The success of Plano Real will allow Brazil to be stronger and more stable and to honor its international

responsibilities," he said. Mercosul will begin as a customs union, with trade among the four member countries tariff-free and unified tariff rates



applied to imports from other countries. These will vary from 0 to 20 percent, depending on the product. Each country also will present its own list of ex-

The trade pact also mentions the necessity of gradually coordinating macroeconomic policies, a process that would further the region's integration into the global economy.

Brazil is starting to realize its potential as a player in glob-

al markets after so many years of closing its markets to foreign trade and investment," Mr. Levitsky said. "NAFTA and Mercosul will soon form the basis to create a free trade zone covering all the Ameri-

ANDREA FORNES is foreign

Foreign Investors Start to Pour In

By Lawrence Malkin

EW YORK - On Wall Street last year they were talking about the Mexican Miracle. Now it is the Brazilian Bonanza. Both countries offer a hopeful if uncertain outlook for reform, demand strong nerves as elections approach, and are key regional economies with opportunities for the long term.

Last year I was in Brazil and there was nothing but pessimism; that has turned around," said William R. Rhodes, vice chairman of Citcorp. With the prudence of one who spent a decade unwinding Latin American deht as the chief negotiator for U.S. banks, he advised: "What is important now is to be selective. In Brazil as in anyplace else, you have to know the country; the industry and the company."

Money has started flowing back into Brazil with the initial success of July's anti-inflation program and the issue of the real. Brazil's sixth and, it is hoped, last new currency in a decade. This capped a half-year in which Brazil became the last and largest Latin American debtor to restructure

its foreign deht, which totaled

Henrique Cardoso, resigned to run for president. The World Cup soccer victory helped, too, in huilding confidence.

As the polls reported Mr. Cardoso pulling ahead of the socialist candidate, Luis Inácio Lula de Silva, the São Panlo stock market shot up 30 percent during the first six weeks of the reform program. Much this was based on little more than hope that Mr. Cardoso would be elected, privatize industry and reorganize the nation's finances to reduce its chronic budget deficit.

But foreign investors "are starting to be more positive and they are afraid of being caught short if Brazil really does work things out," said Michael Iwanski, chief finan-cial officer of Garantia Inc., the New York prokerage subsidiary of Brazil's most profitable investment bank. He says foreign money is flowing into about 15 blue chips in steel, banking, retail trade, auto parts, utilities, and telecommunications.

Howard J. Leonard, Brazil portfolio manager for Temple-ton Funds, says "Companies have done a doggone good job

have been frugely successful. They are very well

The challenge will be in selling off the petro-

Because of the strategic nature of any coun-

try's energy sector, some developing nations are reticent to let those industries fall into

private hands. Ms. McLaughlin believes that

after the state's electricity and telecom con-

cerns are let go, "then the biggest battle will be

over oil," and the debate will begin on privatiz-

chemical companies. These made up more than half of the ones that were supposed to

petrochemicals, and telecommunication

have been sold this year.

\$49 hillion, and its finance dous environment, so imagine minister and architect of the what they would do in a good stabilization plan. Fernando one," He sees Brazil as a comtry rich in entrepreneurial vitality and natural resources like the United States in the 19th century. "Who knows what more is to be found?"

In financial terms, the luck of Brazil's sheer size makes it

'Companies have done a good job of doing business in a horrendous

environment, so imagine what they would do in a good one.'

an inevitable magnet for capital. It is virtually impossible for investors to structure a Latin American portfolio without Brazil, said Moises Naim, the former Venezuelan industry minister who now is a senior fellow at the Carnegie Endowment in Washington.

The "wave of money" pouring into emerging markets from pension funds and savings in the industrialized countries in the northern hemisphere has been voracious, he said, but has been scaled back by the attraction of rising inprovement in terms of the way they operate."
The sales of three steelmakers, for instance, "have been very well received by the market and terest rates in Europe and the United States. What he cannot predict is whether the rates will pose a financing problem for run; management has proven its mettle."

If the political will and economic means can be emerging countries "because investors may prefer less risk found, the next batch of privatizations is likely to for a good reward in the induscome in three industries: electric power, oil and

trialized countries." So far that is not the case, said Pedro Pablo Kuczinski of Westfield Capital in Miami, which is seeking to place \$250 to \$300 million in Latin America by investing directly in individual businesses on behalf of Salomon Brothers and other investment funds;

Just back from a visit to Brazil. Mr. Kuczinski, a former industry minister in Peru, said direct investment is preferable for any country because portfolio investment can always flow out as hot money. Of last year's estimated \$20 billion worth of direct investment in Latin America, he said about half went to Mexico and only about \$3 billion to Brazil even though it is Latin America's largest market.

That sum will increase dramatically to \$7 or \$8 billion if the election proceeds in an or-derly way and Brazil gets its fiscal house in order," Mr. Kuczinski said. By that I mean ending subsidies to the north and simplifying taxes — and I know because I once ran a business in São Paulo and was sub-ject to 56 different taxes.

"Companies need capital because they are straining their capacity, and investors are just. waiting for the political out-look to clarify."

Mr. Kuczinski believes that if Mr. da Silva wins the election Brazil's outlook would dampen because he would have to reward his union sup-porters. But Mr. Rhodes of Citicorp prefers to "look past the election, and perhaps several elections, to Brazil's future with all of Latin America." He added: "Economic integration is the way for Brazil."

As for the North American banks, the freewheeling loans to governments that exploded as the Latin American debt bomb of 1982 will never return Banks are raising money for specific projects and cli-ents. Citicorp's Brazilian subsidiary has just returned to the Eurodollar market to raise \$60 million over three years for Brazilian businesses.

The future for internationalbanks, said Mr. Rhodes, lies with a new technique called cofinancing to underwrite badly needed infrastructure loans to public utilities. Unlike the balance of payments loans of the 1970s, their projects have a specific and accountable rate of return. Badly burned in the debt crisis, the banks are pushing a solution devised by Mr. Rhodes in which the World Bank or other public lenders would examine a project and put up perhaps one-quarter of the money. With this seal of approval, the banks would then lead the rest of the money,

LAWRENCE MALKIN is the New York bureau chief of the International Herald Tribune.

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Election Is Seen Improving Prospects for Privatization Plan

By Conrad de Aenile

ICE work if you can get it, might be the best way to describe Brazil's program to privatize state industry.
The companies that have been freed from governmental control have shown immediate and substantial improvement in their operations, only there just haven't been that many of them for a country as large as Brazil, in the opinion of consultants and analysts who follow developments there.

"It is essentially stalled; it's been very slow in developing," Rodney Lord, editor of Priva-tization International, said of the program. "There have been a number of substantial sales. In that sense it has been modestly successful, but once Collor was replaced by Itamar Franco, Collor being very much in favor of privatization and Franco's position being equivocal, the program was bound to move forward much more slowly."

Under Fernando Collor de Mello, Brazil disposed of state assets worth \$3.55 billion.

Mr. Lord said. During the Franco administration, the value of privatized companies was \$3.24 billion.

"At the beginning of the year they said there were 36 companies that were going to be privatized this year, including 19 in the petrochemi-cal sector," said Elizabeth Morrissey. an emerging markets specialist at Kleiman International Consultants. But none of them went ahead. "Over the last several months, there were several offers that just failed; there were no takers." she said.

Among the sales that fell through for want of buyers were a 23 percent stake in an electric power company by the state of Espirito Santo and an 80 percent interest in a copper company called Mineração Caraiba. A report by the Lehman Brothers investment hank notes that the latest failure marked the third time the government had tried to sell the interest in Mineração to the public.

The privatization program "has got to wait until everyone's sure the new economic plan's

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working and inflation's going to be minimal." Ms. Morrissey said.

"Everything's been put on hold until after the election," she added.

What gives analysts and officials hope that the program will move ahead is the recent surge in opinion polls of Fernando Henrique Cardoso ahead of the Oct. 3 vote.

"The privatization mood in the country is gaining a bit of momentum, given that Car-doso is clearly leading in polls now," said Emily McLaughlin, who follows events in Brazil for the fund management company Foreign & Colonial Emerging Markets.

Noting that most of Brazil's leading businesses are state owned, she said: "There will have to be a lot of toing and froing within the government over whether authorities will hite the bullet and relinquish control. If Cardoso is elected I would expect this issue to come under the spotlight relatively quickly."

The privatizations that have been accomplished so far "have gone very well indeed," Ms. McLaughlin said, "We've seen enormous im-

ing the giant state monopoly Petrobras. CONRAD DE AENLLE writes about economic

and financial subjects from Paris.

A Winter Chill Hits the Coffee Market The dizzying price fluctuations reflect

HE frost damage to Brazil's coffee crop this winter is thought hy many not to have been as costly. as the government has estimated. But even if the worst estimates prove accurate, Brazil's decreasing reliance on agriculture in general and coffee in particular will case the pain of the blow. In fact, Brazil may even turn a profit from its misfortune, thanks to the perverse nature of commodity markets and the people who trade on them.

The Brazilian government late in July estimated that 10.7 million, 60 kilogram hags of coffee from the 1995-96 crop would be lost due to frost, or roughly 40 percent of the 26.4 million bags of arabica coffee originally expected to be harvested. (The 60 kilogram, or 132 pound, bag is the

standard unit of exported coffee.) The extent of the damage to the crop and, more important for the longer term, to the trees themselves is difficult to gauge because the affected crop will not mature

for more than a year. "It depends upon the severity of the frost," explained Bob Hafer, director of research at the Knight-Ridder Commodity Research Bureau. "If it's severe enough, it can actually kill the trees. There's no way of knowing what the impact of this cold snap was until two or

Even so, the coffee markets in New

York and London expected the worst. Inmid-July, traders swooning from a speculative fever wrought by the Brazilian frost pushed the price of coffce futures more than three times higher than the levels at . which they had been trading.

Coffee for September delivery climbed past \$2.70 per pound on the New York Coffee, Sugar and Cocoa Exchange, after having bovered around 75 cents per pound before the freeze.

The tripling in the futures market should have given traders representing Brazilian coffee interests ample opportunity to lock in high prices for the goods they will deliver in coming years, probably more than enough to make up for the

portion of the crop lost to frost.
"I'm sure Brazil will come out ahead if they were hedging, selling around \$2.70," said Walter Spilka, a trader in tropical commodities for ED&F Man. "They would have made large amounts of money to offset what they'll lose in the cash market. They're sophisticated traders." More sophisticated, most likely, than

those who were buying as the price spiked higher. Since topping out at \$2.74, the September futures contract has fallen back to around \$1.83.

"What the market is saying right now is that what was a damaging frost probably is not as severe as originally estimated," Mr. Spilka said.

the importance of Brazil in the world coffee market. In the year through June. Brazil exported 1.1 million hags of coffee, according to the World Coffee Organization, an industry group. That represents me world s ai collee ex ports and 26 percent of the exports of high-grade arabica coffee. Brazil's total ranks a close second to the.

.18 million bags exported from Colomhia. The two countries are by far the biggest exporters and so dominate the market that the coffee organization's summary of figures lists Brazil, Colombia and

"all other arabicas."

While Brazil supplies a critical portion of the world coffee crop, that crop is becoming increasingly less important to the Brazilian economy as the country ex-pands its industrial capacity.

Like many emerging markets, you go through a natural process of economie diversification to manufactured goods, and Brazil has been a key example of this," said an economist for an interna-tional development organization. Between 1991 and 1993, the value of

Brazil's coffce exports fell from \$1.5 hillion, or 4.7 percent of the country's total exports, to \$1 billion, or just 2.6 percent of exports, according to figures compiled by the Brazilian central bank.

Conrad de Aenile

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'The Squid' Takes On Big Economic Fish

Continued from Page 15

with the greatest likelihood of changing the system."
The biggest charge against him is his lack of experience. Lula has never been elected to

public office. We are breaking a hig barrier." Lula said in an interview. "I don't think many people know Brazil like I do. The elite who have been receiving bribes to build roads and bridges don't have any right to talk about experience. I want another type of government." The 1989 loss, however, had

a moderating effect on Lula's message. He now talks about partnerships between private industry and the state rather than ending capitalism.

Other countries such as Argentina, Chile and Mexico have moved more rapidly than Brazil on economic reform and have seen their economies pull out of nosedives. Under Collor, Brazil joined the rush to privatize state-owned companies, reduce trade barriers, balance its hudgets, and renegotiate staggering foreign debis.

But, four years later, more than 35 percent of Brazilians still earn less than the \$65 minimum monthly wage, five million primary-school-aged children don't attend classes and social services are in collapse.
To correct such problems,

Luia calls for a sharp increase in the minimum wage, the creation of five million more places in public primary schools, the end of privatization and the possible return to state ownership of already privatized companies, increased tariff protection for Brazilian industry, incentives for the manufacture of consumer goods, the restriction of foreign capital, an increase in subsidies for small and mediumsized agriculture, the disappropration of farms and estates for the settlement of

han poor, and a re-renegotiation of Brazil's foreign debt. "I don't want to talk about the false modernism of neoliberalism pushed by the developed countries," Lula said.
"The worker is paying the price for this. If we don't resolve the problems of hunger, unemployment and lack of education now, we won't solve

landless peasants and the ur-

JEB BLOUNT writes from Rio

them in 100 years."

Real Plan Holds Key To Cardoso's Future

Continued from Page 15

residence in the United States, he wrote long papers critical of neo-imperialism, the doctrine that says that European and American commerce is really a new form of colonialism.

In the interim, however, his ideas have changed, and he is now a Social Democrat in the mold of France's François Mitterand or Spain's Felipe Gonzáles.

Mr. Cardoso's positions have attracted powerful allies across the spectrum of Brazilian politics. While his party is squarely positioned on the center left, much of the country's right wing has attached itself to his party for lack of a viable candidate and out of fear of

Mr. Cardoso's vice presidennal running mate, Marcio Macial comes from the Liberal Front Party, which is linked to the nearly feudal ruling classes that control the plantationdominated economies of the northeast and Brazilian interior. Lula accuses Mr. Cardoso of cling out to the right wing clites with links to the military.

Mr. Cardoso, however, says the times call for a broad coalition."Why should we be

try is in crisis. It is like an ecoiomic war. What we are doing is exactly what Israel did in times of difficulty and England did during the Second World War. We need consensus."

Mr. Coelho also admits that the campaign needs the Liberal Front because of the weakness of Mr. Cardoso's party in the northeast, a Lula stronghold and the second largest population area after the Rio de Janeiro-São Paulo-Belo Horizonte dominated industrial regions to the south.

But if his platform is long on the need for economic reality checks, it is short on specific promises. And according to most analysts, promises, not calls for economic restraint, are what win Brazilian elect

"I want the plan to work, but I'm not sure it will," said Alexandre Barros, a Brasiliabased political risk analyst. The plan may work in the beginning, hut several months are a long time in politics. Cardoso has everything riding on the real and people must be convinced that they are better off if he is going to win."

The U.S. Open Calls Sampras Finds Retiring Isn't His Style

By Robin Finn

New York Times Service

R OSLYN, New York — He's sitting on the sofa locked into a staring match with the television; set as he digests his deli sandwich and daily dose of anti-inflammatories. There's a channel-changer to fill the void in his racquet a channel-changer to fill the void in his racquet hand, and whenever he gets tired of watching hand, and whenever he gets tired of watching in between for me anymore," Sampras said. "I feel like I should win it, and no, that's not arrogance talkine, it's just the way I feel. gon, he can retire to the four-poster bed in a not arrogance talking, it's just the way I feel vault, the better to get his beauty sleep. Or, in losing. I don't like it."

That's exactly a losing and the like it."

"This is it, this is my life; it's like being a retired person," said Pete Sampras, the world's top-

ranked tenms Vantage player and the defending champion of

W. Barrie

Point

the U.S. Open, the event that is dragging him away from six weeks of forced inactivity. "I have to play, have to," said Sampras, who

to leave the country." of high anxiety that comes along with a high-rise suite in a frenzied New York City hotel on a frenzied city boulevard that mandates a frenzied commute to Queens County, home of the

world's most chaotic Grand Slam. "Ugh," said Sampras, who is neither urban nor urbane. "I just really don't like the city; it's not my scene.

Instead, Sampras is sequestered away in seremity at a tiny brick hotel hidden in a woodsy gien on the North Shore. The only cacophony comes from the occasional pack of seaguils. Let the circuit's high rollers take Manhattan; Sampras prefers this pleasant slice of suburbia where there's nothing to do, nowhere to go, and plenty of time to heal.

The tactic appears to have worked. The tendinitis that cost him five hardcourt stops on the summer tour has abated, and although that injury has dovetailed into a calcium deposit on the ligament beneath his inside ankle bone, Sampras has vowed to overlook it or, as a last resort, to zap it with cortisone.

Moderate in most matters, particularly medical ones, Sampras is willing to be a bit of a got a sore ankle, they want to make him run radical when it comes to this particular tournaaround a lot more. 'said Tim Gullikson, Samment. In the space of four years, the Open has pras's coach. "But if they alter their own game been his professional launching pad, touch style to try and take advantage of him, I think stone, and Achilles' heel: While Sampras is that's going to be a big mistake on their part. reverent regarding Wimbledon, where he is the Pete's just got so many ways that he can beat two-time defending champion, he's positively you. If the serve isn't working, he can stay back

and why they haven't showered him with getwell cards during his summer convalescence.

Sampras was well into what he refers to as "s perfect year" when the nagging ankle pain that he almost forgot about during a masterful defense of his Wimbledon title flared with a ngeance at the Davis Cup quarterfinals in the Netherlands. Four specialists, five missed tournaments, and countless visits to the rehab room later, Sampras wrote his own prescrip-

found out this summer that it's no fun being a tion for the Open.
retiree at 23. "If I wasn't going to play, I'd have "After two weeks of sitting on the couch and changing the channel whenever the tennis Right now, Samoras is handling his final came on because I couldn't stand it that I weekend of Open preparations with classic wasn't there winning those tournaments, I Samoras understatement. Not for him the jolt knew the bottom line was that I had to play the Open," Sampras said.

Nobody's imagining that Sampras, his sixweek stint of couch potatodom notwithstanding is anything but the favorite heading into

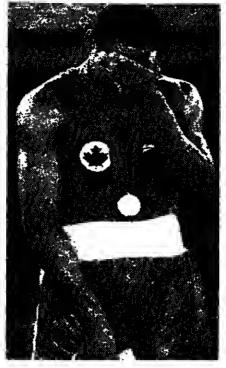
Boris Becker, with his pair of hardcourt titles and 11-1 summertime record, was basking in his omnipotence a week ago after winning a final in New Haven, Connecticut, when he was abruptly brought back to reality hy a question about the Open.

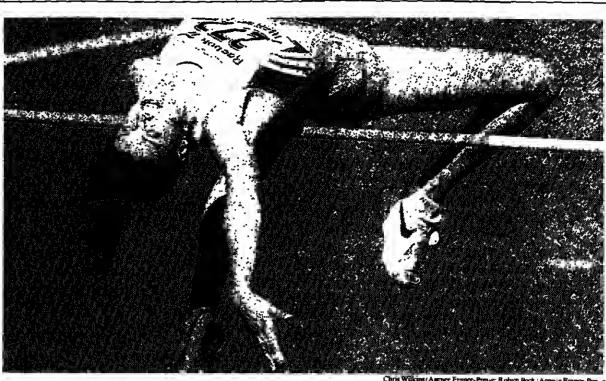
"If I keep on playing this way yes, I believe I could beat anybody so long as I don't look across the court and see someone named Sampras," said Becker, who is gunning for his first Open title since 1989, while Sampras is seeking his third Slam title of 1994.

CCORDING to Jim Conrier, the 1991 A Open runner-up and the only man to defeat Sampras in a Grand Slam setting in more than a year, the French Open clay is the only place where the Sampras artillery is fallible.

"The other guys may think that because he's passionate about the Open.

This is the event that brought Sampras his you to death. If the other guy isn't at the top of first Slam title in 1990, when he became its his own game, he's sure not going to beat Pete."





Canada's Rowan Donaldson, left, won 75-kilogram boxing gold at Commonwealth Games; Alison Inverarity of Australia set a high jump record,

Wales Vaults to a Surprising Games' Victory

VICTORIA, British Columbia - It didn't matter to Neil Winter that he won the pole vault with one of the lowest clearances in a major competition. The fact that he had become the first vaulter from Wales to earn a gold medal in the event in an international meet was far more important.

"I would have been very happy with the hronze or the silver," Winter said Saturday, after clearing 17 feet, 8½ inches in the Commonwealth Games, beating the heavily favored Okkert Brits, of South Africa. "I didn't expect to win. I'm very surprised, very pleased, very

Brits, who had cleared a South African-record 19 feet 21/4 inches three times this year and had beaten world recordholder Sergei Bubka of Ukraine, didn't enter the competition until the bar reached 18 feet 1/2 inch. He missed all three attempts at that height.

"I feel very bad," Brits said, "There was not a lot of pressure, but I really wanted to win the gold for South Africa. The Commonwealth Games was the most important meet of the year for me. "I feel so negative now, that I just want to swat something."

Brits' loss was one of two mishaps for South Africa during a track and field

program that also proved disastrous for several other athletes.

The Canadian team of Donovan da's Si-an Deng, 11-2, 11-5, to win the Bailey. Glenroy Gilhert, Carleton women's singles.

the men's 1,500 meters, when Johan record of 38.63. Landsman was accidentally tripped and required oxygen as he was carried off the born former world and Olympic chamtrack on a stretcher. Landsman, whose pion Nicu Vlad collected three gold time of 3:33.56 was the fastest among all the 1,500 entrants, later was reported in

satisfactory condition. same 1,500 heat, then got up and fin-ished the race. But he wound up last and failed to qualify for Sunday's final.

England's Clova Court stumbled over a hurdle in the women's 100-meter final and sustained a wrist injury, and Nigeria, among the favorites in the men's Innocent Chika who lifted 200 kilos. 400-meter relay, failed to advance through the semifinals because of a dropped haton on the first exchange.

In addition to Winter, Saturday's gold medalists included Jamaica's Michelle Freeman in the women's hurdles at 13.12, Australia's Alison loverarity in the women's high jump at a games-record 6 feet 41/4 inches, Australia's Nicole Boegman in the women's long jump with a wind-aided 22 feet 41/2 inches. Kenya's Lameck Agutu in the men's 10,000 at 28:38.22, and Canada's Carole Rouillard in the women's marathon at 2:30:41.

In a semifinal heat of the men's 400

The other came in the semifinals of Chambers and Bruny Surin set a games

In the weightlifting arena, Romanianmedals at his first appearance in the Commonwealth Games

Pat Scammell of Australia fell in the Australia, Vlad, 30, hroke the Commonwealth mark with his second lift: a snatch of 186 kilos to clinch the gold. Vlad, Olympic titlist in 1984 and

> won the clean and jerk with a lift of 220 kilos. The nearest to him was Nigeria's Vlad also won the overall gold, with Chika finishing second in all three and

world champion in 1986 and 1990, easily

Gareth Hives, of Wales, who once served a suspension for drug use, collecting bronze in all three. Malaysia, which hosts the games in Kuala Lumpur in 1998, won its first gold

hadminton events. Rashid Sidek, the favored player, overwhelmed countryman Ewe Hock been alerted about the missing athletes. Ong. 15-6, 15-4, Soon Kit Cheah and All 3,500 visiting athletes were granted Beng Kiang Soo downed England's Si- six-mooth visas to stay in Canada. moo Archer and Christopher Hunt, 15-

10, 15-9, in the men's doubles final.

Kasumu Takahashi who was born in Tokyo, lives in Los Augeles and competes for Australia, added four golds to the overall title she won Friday in rhythmic gymnastics. She triumphed Saturday in the hoop, the ball, the clubs and

the ribbon competitions. Twelve boxing finals also were staged Saturday, with Canada winning four, Northern Ireland and Kenya each winning two, and Nigeria, Scotland, Austra-lia and England each coming up with one.

■ Ghana Athletes Stray from Games

Six Ghanaian track competitors reported missing from the Commonwealth Games were seen Saturday morning in Sudbury getting off a hus from Vancouver and boarding a Montreal-bound hus, The Associated Press reported

A Sri Lankan boxer and a Nigerian medals on the penultimate day in the gymnast also are missing from their

Authorities throughout Canada have

"We just want to verify that they're safe and sound," a police spokesman Australia's Lisa Campbell beat Cana- said.

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SPORTS

Wishing on Stars at U.S. Colleges

By Malcolm Moran New York Times Service

SOUTH BEND, Indiana — His jersey is already for sale. Not just in the bookstore across campus from Notre Dame Stadium, where long lines form on those autumn Saturdays as parents huy blue, gold and white mesh shirts so huge that the bottoms flop to the shoe tops of their children.

The place Ron Powlus has already thing. reached as one of the most anticipated players in the history of Notre Dame foot-ball can be found on page 4 of the university's glossy catalog, the Gameday Collec-tion: "Authentic Notre Dame Foothall Jersey. Number 3 jersey on gold suede mat framed in rosewood. Etched plate below jersey in mat lists the 11 years of ND National Championships. Title: The Tra-dition Lives On.' \$650."

For now, the value has been produced hy those who have already come and gone in No. 3, leaving signature last-minute ral-lies as their links in the chain.

Mirer. Montana. They established the standard that Powlus will accept when he game against Northwestern, his first game, at the start of Notre Dame's season. He has gained a strong sense of the unique demands, expectations and responsibilities that have been passed along to the latest quarterhack of the Fighting Irish.

His presence has become an important reason the Irish are expected to remain a championship contender, perhaps all the way to the bowls. His skills would have made him a starter a year ago if not for a scrimmage pileup that left him with a fractured right collarbone, which was later hroken a second time. The echoes are waiting to be awoken.

There is one small problem with the inheritance of this legacy. The question was asked of the muscular 20-year-old from all walks of life want to know why J.J.

with an easy laugh and deep-set eyes that convey a sense of wonder not yet hardened by the glare. All this hype and expectation. All this coast-to-coast attention, already more than many starters, even here, receive

in their lifetimes. The questioner hegan: "And you haven't And Powlus finished: " . . . done a

He hasn't done a thing. Not by his standards, or those of the 59,075 who will

fill B town and a stadium on six Saturdays. Like all the others in his positions, Pow-lus, 6 feet 4 inches and 211 pounds, has

inspired Coach Lou Holtz's pointed observations on the practice field. "He asked me if I was on scholarship," Powlus remem-bered from the spring. "He asked me what I was doing here."

It has been a frustrating question for a sophomore whose future was protected and his progress constrained — hy a yel-low jersey. Throughout the spring, the jer-sey said "Don't Touch," a concept that pulls his No. 3 over his head Saturday contradicts his aggressive approach to the evening at Chicago's Soldier Field for the game, which was developed throughout B childhood in Berwick. Pennsylvania.

The hard-nosed environment led Powlus to helieve that a punishing, drive-extending 3-yard run can be as important for a quarterback to execute as a perfect 40-yard spiral. For the longest time, the yellow jersey put his resourceful toughness aside.

"I couldn't play the game the way a quarterback, or anybody, should play the game," Powlus said. "I had to worry about staying a certain distance away from peo-ple instead of actually getting tackled. So the physical part turned into me thinking about it more.'

Fellow students, other athletes and fans

Stokes is still in school at the University of California-Los Angeles instead of catching passes for big money in the National Football League.

"A lot of people said that if they were in the same situation, they don't think they would be hack," said the country's premier collegiate receiver.

An all-city basketball player in high school in San Diego, the 6-foot-5-inch, 223-pound fifth-year senior was recruited hy most schools as a tight end.

There was even brief talk among the Bruins coaches of moving him to defense to play outside linebacker.

"Basically, when I got here, I told them if that's what you want me to play this will be my first day and my last day at UCLA," Stokes said. "I don't play defense."

A lot of defensive hacks wish he did. After three seasons, Stokes holds virtually every UCLA game and season receiving record and will probably have them all hy the end of this season. A unanimous first-team all-America selection last year, he was the Pacific-10 Conference offensive player of the year after leading the league in scoring, finishing second in receptions and receiving yardage and ninth in all-purpose yardage. If he would have opted for the NFL draft, he was projected as a top-10 pick.

Stokes was seventh in the balloting for the Heisman Trophy as the country's best player. The six who finished in front of him are all in the NFL now.

"Absolutely, I don't think there is any question," said the Bruins coach, Terry Donahue, when asked if his receiver deserved to be a Heisman favorite this year. But there is no question that it is harder for a wide receiver, especially one who is not a return man, to win it, as well."



Venezuela's winning pitcher, César Hidalgo.

A New Champion For Little League

Compiled by Our Stoff From Dispatches

WILLIAMSPORT, Pennsylvania - In a game delayed 3 hours 5 minutes by rain, Venezuela ended the United States's two-year run as World Little League champions on Saturday.
Maracaibo, Venezuela, beat Northridge, California, 4-3, becoming the first Latin American team to win the title since 1958. This was so important to us and to our country because any Latin American team had done it in so long," said Ramore,

Diaz, who manages the Maracaibo team. . The game was scoreless in the third inning when rain, haif and lightning stopped play. The storm left a load of water in the outfield and when the game resumed, it was 7:20 P.M.

That raily got us, "Northridge shortstop Matt Fisher:

said. "We had the momentum, but after we stopped, they scored right away and turned it around." The thunderstorm dropped 3 inches of rain and left about

10 inches of standing water in the left field corner.

"My son made the last out, and I am dejected, but I am so proud of him and of all the boys," said Greg Frost, father of Michael Frost. "We lost because we got beat by a team that played better than us today. Believe me, our kids will accept

Baseball Season Facing a Full Count

By Mark Maske ashington Post Service

WASHINGTON - With perhaps less than three weeks left to salvage the 1994 season, haseball's labor talks have reached another hill. Officials on both sides of the dispute said at the conclusion of last week's talks that they did not expect negotiations between the team owners and striking major

charday's Result

(Final Pre

Los Angeles Rolders 24, Houston 23 Chicago 27, New York Glossis 21

Tuesday or Wednesday.
The players' strike will reach its 18th day Monday, and there

is growing sentiment that the season is destined not to resume and that the World Series will be canceled for the first time since 1904. Philadelphia Phil-lies pitcher Curt Schilling, after emerging from a brief and unproductive bargaining session last week in New York, said he

any more major league games this year.

Monday appears to be the target for getting the next bar-gaining session scheduled. "At this point, I don't know when the next meeting will be, or even if there will be a next meeting," said Donald Fehr, who heads the players' union.

Many owners have said mid- ers' salaries.

league players to resume before did not believe there would be September is the point of no return for this season. After that, the owners may lose interest in attempting to reach a settlement, sources close to the process say. The two sides have met only three times since the strike began. Those sessions produced no movement on the central issue in the dispute the owners' insistence uponfinding a way to contain play-

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SCOREBOARD

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FRIOAY'S GAME: Jordon went 1-for-3 with a walk, a single, a strike out and a pround out in a 4-2 loss to Memphis. He was cought steat-ins avon. He had has putouts to left field. SATURDAY'S GAME: Jordan wont 2-40r-4 SATURDAY'S GAME! Jordan went 240/4 with two singles, one run and one stolen base in a 6-3 loss to the Memphis Chicks. He glao grounded out, struck out and walked.
SEASON TO DATE! Jordan is battime 202 (85-for-420) with 43 runs, 17 doubles, one triple, three frame runs, 49 RBIs, 48 walks, 108 strike-outs and 38 stolen bases in 48 aftempts, He has 206 outfauld, five assists and 10 errors in the outfauld. Belgian Grand Prix

Top Raishers Senday on the 7,135-kilometer (4.433-mile) Spo-Prancor champs circuit with driver, nationality, team and time: I, Michael driver, sationality, team and filme: I. Michael Schumecher, Germany Benefton Ford. I hour, 28 minutes, 313/8 seconds, 28.95 kph 1127.71 mphi; 2. Domon Hill, Britain. Williams Renoult, 13.462 seconds behind; 3. Mika Hoh-kinen, Finland, McLaren Peupeet, 1:85.93; 4. Jos Versiappen, Netherlands, Benefton Ford, 1:24.115; 5. David Coulthard, Britain, Williams Remoult, 1:91.49.

A. Mark Blundell, Britain, Tyrell Yamaha, 1 loss; 7. Gianni Marbidelli, Italy, Footwork Ford, 1; 8, Olivier Panis, France, 1, johr Remoult, 1; 9, Pierluigi Martial, Italy, Michael Ford, 1; 10, Pierluigi Martial, Italy, Michael Ford, 1; 10,

ton: 7, Gianni Marbidelli, Italy, Footwork Ford.
1: 8, Olivier Panis, France, Ligiar Renault, 1: 7,
Pleriubi Martial, Italy, Mingral Ford. 1: 18,
Michele Albareto, Italy, Mingral Ford. 1: 10,
Michele Albareto, Italy, Mingral Ford. 1,
Overall Driver Standions: 1, Michael Schumacher, Germany, Benetton Ford, 86 points:
2. Dumon Hill, Britain, 51: 3. Gerthard Berger,
Austria, Ferrari. 27: 4. Jean Alesi, France,
Ferrari, 19: 5. Mika Hakkinen, Finland,
McLarren Peugeol, 12.
4. Rubens Barrichella, Bruzil, Jordan Hart,
10: 7, Martin Brusate, Britain, McLarren Peupeol, 9: 8, Olivier Ponis, France, Livier Renault, 9. (1tel Jas Verstopen, Netherlands,
Benetton Ford, 9: , Mark Blundell, Britain,
Tyruil Yanjaha, 7:

Tyrnish (2010), 7.
Constructor Standings: 1, Benetian Ford,
94: 2 Williams Rendult, 57: 3. Ferrori, 52: 4.
McLaren Peuseal, 21: 5. Jordan hart, 14.
6. Tyrell Yamaha, 12: 7. Lister Rendult, 11:
6. Sauber Mercedes, 10: 9, Fourwork Ford, 8:
10. Minardi Ford, 5: 11. Larrousse Ford, 2. SECRETARIA TO PARA TO THE TOTAL TO THE TOTAL

OTB INTERNATIONAL OPEN

WOMEN
Skoles, Quarterlinois
Nathalie Touziat (4), Françe, def. Stephonie
Rottler, Netherlands, 4-3, 6-1, Judith Wiesner
18), Austria, def. Borbora Rittiert, Germony,
7-6 (9-7), 6-1; Loriso Netland, Latvic, def. Na-latio Medvedovo, Ukraine, 3-6, 7-5, 7-5, Amando Costzer (1), Sooth Africa, def. Shi-Ting
Wang (61, Toine), 6-7 (4-7), 6-3, 6-3,
Seatifinois

Singles. Quarterfinals
Jacco Effingth, Netherlands, def. Jan Apell,
Sweden, 7-6 1-731, 7-6 (7-4); Jonos Bjorkman,
Sweden, def. Youres El Aynaoul, Marocco. 4-6.
4-1: Joern Renzenbrink, Germanv, def. Marc
Goellner, Germanv, 6-2. 6-4; Chuck Adams,
United States, def. Thomas Enqvist 161, Sweden, 7-6 1-721, 6-1.

Eltinoh def. Renzenbrink, 7-6 (7-5), 6-3; Adoms def. Bjorkman, 6-3, 6-4. CROATIAN OPEN

Alberto Berssateou (11. Spoin, del. Gobriel
Marcus 17), Argenlina, 6-3, 6-4; Jordi Arrese
161. Spoin, del, Hernan Guny, Arsentina, 2-4,
6-4, 6-4; Horst Skoff (4), Austria, del. Emilio
Alvarez, Spoin, 6-3, 4-6, 6-1; Karel Kucera (8),
Siavolcia, del, Emilio Sanchez, Spoin, 6-4, 4-6, 7-6
(7-2).

Berosotepul del, Arrese, 6-3, 6-3; Kucera def. Skott, 0-6, 6-4, 6-3. HAMLET CUP

HAMLET CUP
In Commodi, N.Y.
Singles, Quarterfinals
Richey Renebers, United States, def. Karel
Novacek, Czech Republic, 6-3, 7-5; Renem Furton, Italy, def. MajiVol Washington, United
States, 6-0, 6-3; Yevseny Kafeinikov (5), Russka, def. Majchel Chana I 3), United States, 3-4,
7-6(7-1), 6-4; Cedric Politine, France, def. Todd
Marrin, United States, 7-6 (7-3), 6-4,
Semificults
Kofetnikov def. Reneberg, United States, 4-

Kafelnikov del. Reneberg, United States, 4-6. 6-2. 6-4; Ploline act. Furlan, 4-6, 7-6 (7-41, 6-0.

SECOND ONE-DAY INTERNATIONAL England vs. South Africa Sunday, in Manchester with Africa: 181-9 England: 182-6 Result: England beat South Africa by 4 wick-

Result: England bear south Africa by a wice-ets and wing series 2-0.

TNIRO TEST

51 Lanka vs. Pakiston, final day Sunday, in Kondy, 51 Lanka

Sri Lanka 1st lanings: 71-9 (28.2 overs)

Pakiston 1st lanings: 357 19 wickets dec.]

Sri Lanka 2d innings: 234-9

NFL Preseason Standings

AMERICAN CONFERENCE

Pts PF PA 1,600 80 51 ,750 62 57 ,750 70 69 ,750 70 69 Pts PF PA .750 75 53 .400 93 69 .290 82 74 .250 78 80

World Championships Results Sunday from Aerisente, Sictly in the mean's protessional road race of the World Cycline Champienships: 1, Luc Lebland. France, 251.75 kilometers in six hours. 33 min-ures, 54 seconds or 36.347 keh; 2. Choudle Chi

> Ghirotta, Isaly, s.L.; 5: Omitry Konishev, Rus-sia, 15 seconds, 4. Rolf Sorenson, Denmark, 42 seconds; 7, delino Cubino Gonzalez, Seconda; delino Cubino Gonzalez, Sealin, 52 sec-Blarine Rifs, Denmark al.; 10, Platre TV. Latvia, 57 seconds.

ord Virengue, France, some time; 4. Mc

SOCCER

ENGLISH PREMIER LEAGUE Aston Ville 1, Crystal Palace 1 Blackburn 4, Coventry 0

Monchester City 4, Everton (Newcostle 5, Southampton 1 ' Norwich 1, West Horn 0 **OLYMPIC SPORTS**

Notfinatiom Forest 1, Lefoester () Queens Pork Rongers 1, Issayich ; Tottenbarn 0, Monchester United) Wimbledon 8, Shetfield Wednesdon Commonwealth Games FRIDAY'S RESULTS

Wimbledon B, Sheffield Wednesday 1
Standinius: Newcostile 9, Blockburn 7, Monchester United 7, Kolflinghain Forest 7, Monchester City & Chelsec 6, x-Toltenhoun & Ioawich 4, Leeds 4, Monwich 4, Liverpool 3,
Arxenol 3, Aston Ville 3, Sheffield Wednesday
3, Queens Paix Romeers 3, Wimbledon 2,
Southambhan 2, Crystof Police 2, West Ham 1,
Everton 1, Coventry 1, Leicester 0,

GERMAN FIRST DIVISION

bach 8
Karlsruhe SC 4, MSV Duisburg 1
Schalke B, Homburg SV 1
Bayer Uerdingen 1, 1860 Munich 1
VIB Stuffoot 2, FC Cologne 2
Warder Bremen 3, VNL Bockum 0
Borussia Dorlmund 2, FC Kainersta
Dynomo Dresden 1, SC Freiburg 2

Standings: Borussia Derimund & Kortsru-he SC S. Werder Bremen S. Vin Statteon S. S. Freiburg & Bayern Munich & FC Korserston-lern S. Homburg SV S. Bayer Uprainsen S. Eintracht Frankfurt 2. Scholke 2. MSV Dulsburg 2, Vft. Bochum 2, Borussia Moench 2, FC Cologne 2, Dynama Dresden 1, 1869 Musich 1, Barrer Leverkusen 0,

FRENCH FIRST DIVISION Rennes 1, Strosbourg 1
Anostpetiler 2, Nortes 2
Soint-Ellenne 4, Le Hovre 1
Bordeaux 8, Connes 2
Auxerre 8, Lyon 0
Cont 2, Metr 8

Shandings: Nuntes 14, Connes 13, Soint-Eticine 11, Loris 11, Mortfaues 11, Lyon 11, Bordeoux 10, Rennes 9, Nice 0, Strosbours 8, Paris St. Germola 0, Sochoux 7, Auteore 7, Monaco 7, Lille 7, Boatfa 7, Metz 6, Montrellier

SPANISH SUPER CUP Zarogozo Q, Barcelona 2 and leg in Barcelona on Tues

TRACK AND FIELD Mer 208—1, Frankle Fredericks, Nombio, 19,97 seconds, (Games record, previous record, 20,36, John Regis, England, 1994), 3, John Re-pis, England, 20,25, 3, Donlei Efflord, Nigeria.

Fort. Blackers. 2. Aderrolle Okcitolu. Niperio. 20411. 3. Robert Weir, Enstand. 1994.
11. 4. Robert Weir, Enstand. 1994.
11. 4. Robert Weir, Enstand. 1994.
12. 2. Stephed Smith, Enstand. 237. 3. Geoffers, Parsonsi Scottond. 231.
12. Leef Jemis—I. Obiden Erepto. Niperio. 26
12. Leef Jemis—I. Obiden Erepto. 26
12. Leef Jemis—I. Leef J

Nigeria, 24.50.
10, 22.61.
200—1, Inez Turner, Jameica, 2 minuted, 1.34.
seconds. 2. Charmoine Crooks, Caneda, 2:82.55. J. Glodys Wumnyu, Kenya, 2:83.12.
2015. 3. Glodys Wumnyu, Kenya, 2:83.12.
2015. 3. Sally Gunnell, Enstand, 34.51. nés record, previous record, 34,94, Dabble loff-King, Australia, 1990). 2, Deon Hem-n, Jamaica, 55,71. 3, Debble-Ann Parris,

SATURDAY'S RESULTS
TRACK AND FIELD

Mem
Pole vsulf—1, Neil Winter, Wales, 17 feet, 2 3/4 Inches Games record; previous record 17-4 3/4, Simor Arbell, Australia, 1990, 2. Cortis Heywood, Canada, 17-4 3/4, 3, James Miller,

co, 13,12 seconds. 2. Jacquellar Agreeous. England, 13,14. 3, 5. Forguharson, England, 11.38. High Juny - 1, Albon Inverceity, Appl. 2 Prolic. 64 1/4 (Comes record, previous record

traile.64 1./4 (Gomes record, pre-6-4 set by Katrino Gibbs. Austra

DENNIS THE MENACE



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by Horn Armed and Mile Argent TOXEL HIDUM RIFUGE WHAT THE WORKING MOM CONSIDERED HER EVERCISE HOUR

Jumples OUTDO BRIBE INDUCE FUNDLE

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PEANUTS

GARFIELD

DOONESBURY

HEY MARCIE. YOU WANNA HEAR THE EXCUSE I'VE COME UP WITH FOR MISSING SCHOOL?

BEWARE OF DOG ?!





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Friday's Res

Minnesota 31, Miami 14 Green Bay 24, New England 20 Buffata 24, Konsos City 3

Atlanto New Orteons







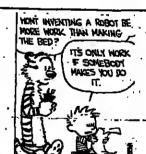












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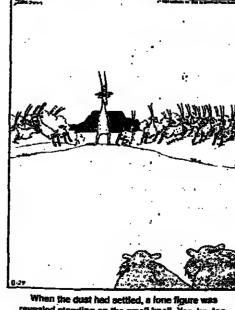
WIZARD of ID







THE FAR SIDE



revealed standing on the small knoll. Yes, he, too, was a herd animal — but he was through runnin'





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HI. KIL'S' RECOGNIZE THAT

FARAWAY LOOK! YES, IT'S TIME AGAIN FOR MIKE'S SUMMERTIME FANTASY





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COME FROM?

SUPPEN COMPASSION



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A jubilant Luc Leblanc celebrating victory on Sunday.

Leblanc Wins Cycling Title For France

Compiled by Our Staff From Dispatches
AGRIGENTO, Sicily — Luc Leblanc of France won the men's professional road race at the World Cycling Champion-ships on Sunday by finishing nine seconds ahead of what was

left of the international pack, Italy's Claudio Chiappucci was second, outsprinting another Frenchman, Richard Virenque, who was third, and an

Italian teammate, Massimo Ghirotto. Breaking away from Ghirotto in the last two kilometers as the road climbed up from the valley of Greek temples. Leblane completed the 251.75-kilometer race in torrid weath-

Only 56 of the 170 riders completed the exacting course in

A Russian, Dmitri Konichev, placed fifth, 15 seconds behind. Denmark's Rolf Sorensen edged Lance Armstrong, an American and the defending champion, for sixth place.
In seventh place, Armstrong finished 48 seconds behind the winner. Unlike the French and Italian contenders, he was not supported by teammates in the last decisive laps because they were all left far behind or withdrew from the race.

The 28-year-old Leblanc gave France its first men's road title since Bernard Himsult's victory at Sallanches in-1980. The world championship road race, which is the only race of the year conducted for national instead of sponsored teams was dominated by France and Italy.

Leblanc was not among the favorites in the closing event of the world championships. Until this race, he had a single victory this season — in the 11th stage of the Tour de France, in which he finished fourth overall.

The Italians dominated throughout the day but faltered in the critical stages. At one point, Italy had six riders in a leading group of 23; but Sorensen undermined their chances with constant attacks in the last 35 kilometers.

As each of his moves was quelled, the Dane would attack again. His final bid for victory was checked on the finishing

climb as Ghirotto and Leblanc closed in. As Sorensen faded, Leblanc raced away to finish in tears. waving his arms before falling into the embraces of his

supporters and his wife, Maria.
"I was not worried when Sorensen attacked. I knew it would be best to wait until the second half of the climb,"

The leader of the Festina team based in Andorra this year. the Frenchman has signed a contract to race next season with a new French team, Groupement. The third-place finisher. Virenque, also rides for Festina.

Although France was known to have a team in top strength and condition, its performance Sunday was unexpected and set French fans shouting with joy. Italian fans, on the other hand, were crushed.

They had high hopes of a third road-race title in four years. especially in their own country. In the end, only Chiappucci's unquenchable energy salvaged something with his silver medal to conclude the world championships.

Schumacher Stripped of Belgian Grand Prix Title

SPA-FRANCORCHAMPS, Belgium — Formula One offi-cials Sunday disqualified Michael Schumacher in the Belgian Grand Prix because of a rules infringement and gave his victory to runner-up Damon

The decision opened up the world championship chase, hours after Schumaeher had seemingly put a lid on it with a perfectly good win, which would have been his eighth in 11 races.

But race stewards ruled that a mandatory wooden plank under his car, aimed at slowing down drivers, did not meet legal measurements because it was either too thin or too light, giving him an unfair edge over competitors.

"Stewards of the Belgian Grand Prix have decided to inflict a penalty on Benetton Ford and driver Michael Schumacher of exclusion from the event," a spokesman for the international racing federation, Tom Walkinshaw, said four hours after the

The crude wooden board was introduced into the high-tech-nology sport halfway through the season following the death of Ayrton Senna of Brazil and Roland Ratzenberger of Aus-tria at the San Marino Grand gation for another violation. Prix in May.

Now the German can only hope the guardians of Formula and a massive 35-point gap over wins those races, the margin



Damon Hill's champagne bath for Michael Schumacher, right, was premature, as Hill was later awarded the victory.

first world title any further on and his challenger 55. Tuesday when they will decide whether to suspend him for another infraction. His Benetton

An appeal on a two-race sus-

Now, instead of leading the upcoming Italian and Portucruised to victory 13.663 sec-world standings with 86 points guese Grand Prix races. If Hill onds ahead of Hill.

One won't cut his drive for a Hill, Schumacher has 76 points could be cut to one point with some wood from the board, three Grand Prix races to go.

The German dominated Sunpension for disregarding a black day's race to such an extend ning the length of the car. The flag at the British Grand Prix will be heard in Paris on Tues bring competition within strik meter during the race. day. It could keep him out of the ing distance. Schumacher

The spin could have shaved

which is 30 centimeters wide, one centimeter thick and run-

meter during the race. Because of Schumacher's disqualification, MeLaren Peugeot driver Mika Hakkinen of Fin-land moved into second place, seconds of his 25-second lead.

ahead of Schumacher's team-mate, Jos Verstappen. Hill's Williams Renault teammaie David Coulthard was fourth.

Schumacher, who took the lead on the first lap and only briefly gave it up for a pit stop, finished the 44-lap run on the wooded 7.135 kilometer (4.433 mile) circuit in 1:28:33.508 minutes, averaging 208.705 kilometers per hour.

"It's a terrifie result," he said before the bad tidings were announced. His eighth win would have put him only one shy of the one-season record Nigel Mansell set in 1992 and would have equaled the mark of the late Ayrton Senna.

Schumacher, eheered on by thousands of Germans from iust across the border, had a fast start and seemed to run away with the race early on.

"My personal fan cluh was said a delighted Schuhere." macher. "I can only thank

It seemed that all be had to do was put his car on cruise control for another easy win when he made an unexpected spin in the 18th lap. He came too high on the curb of a slow corner, spun 360 degrees, but immediately went on his way

Scotsman **Triumphs** In Germany

DUSSELDORF, Germany

- Colin Montgomerie withstood a challenge by the home favorite Bernhard Langer on Sunday and won the \$975,000 German Open, the Scotsman's second straight triumph on the PGA European Tour.

Montgomerie, who won the Murphy's English Open last week, had a 2-under-par 70 to finish at 19-under 269, spoiling a charge that saw Langer get to within a stroke of the lead after seven holes.

Langer, seeking his record sixth German Open title, be the day three strokes behind, but three quick birdies got him into contention.

Montgomerie, the leading money-winner on the European tour, birdied on the 8th, 12th and 13th holes to rebuild his edge. He was able to overcome two late bogeys because Langer only managed to par out from the 13th hole on.

"I was tired coming in," Montgomerie said. "People said I was mad to come here. Hopefully I proved them

Montgomerie, the Spanish Open champion and one of three players to qualify for an 18-hole playoff for the U.S. Open title won by Ernie Els, won \$180,000 to increase his earnings in Europe this year to more than \$800,000.

Langer, who opened the tournament with a 69 to fall six shore off the lead on a recordbreaking day for scoring, fin-ished with a 4-under 68 on his fourth trip over the wind-blown 6,793-yard course.

BRING IT ON - Patrick Ewing, the all-star center for the New York Knicks, challenged a young competitor at a basketball clinic in a township north of Johannesburg. A group of National Basketball Association players are touring South Africa.

The IRS Gets Lucky With a Horse

ACROSS

Battle of 1836

Snoozes

10 Read, es bar

14 Actress Linda

15 Song for one

18 Shaker contents

17 "Great!"

Internal Revenue Service, earned the govern-ment \$77,000 with a second-place finish in the names, including his daughter's at Lion Crest. Whitney Handicap at Saratoga Race Course.

Devil His Due, just a head behind winner was entered in the \$350,000 stakes after the IRS at Belmont Park last month. posted a tax lien against Lion Crest Stables of Mahwah, New Jersey.

The stables are owned by Edith LiButti, the what LiButti owes in taxes.

The Associated Press daughter of a Saddle River, New Jersey, man SARATOGA SPRINGS, New York — Devil accused of owing \$3.2 million in income taxes. His Due, seized from a New Jersey estate by the The government claimed LiButti concealed his

Year honors in 1993 with nearly \$2 million in Colonial Affair in the 114-mile race on Saturday, winnings, won the \$350,000 Suburban Handicap

But Mr. McKeon said the government did not plan to get into the horse-racing business and "The IRS is interested in getting back taxes it's would sell Devil His Due soon, applying the owed," said Kevin McKeon, an fRS spokesman. proceeds and any winnings in the meantime to

Devil His Due, a contender for Horse of the

"broad parameters" of the July

On Time, on Budget, **Atlanta Tells IOC**

The Associated Press PARIS - The competition schedule for the 1996 Summer Olympics in Atlanta has been put into place.

Atlanta organizers submitted the schedule Sunday to the executive board of the International Olympie Committee, with only the timing of the track and field events still to be final-

"This was a big step," said Billy Payne, chief of the Atlanta Committee for the Olympic Games, "It allows us to make our plans in terms of ticketing, in terms of futher transportation planning, volunteer deployment, and really launches a bunch of other incremental issues."

Atlanta is staging 16 days of competition - from July 20 to Aug. 4 - in 26 sports. Some 10,000 athletes will compete in a total of 271 events. A series of test events in 18 of the sports will he held in July and August next year, Payne said.

Payne said the final track and field schedule should be completed in the next few months after consultations with the technical delegates of the International Amateur Athletic Fed-

Track and field events are scheduled for July 27 through Aug. 3, with the men's marathon set to be held before the closing ceremony on the evenine of Aug. 4.

Officials also briefed the IOC on general progress in construction, transportation and mar-

We told them we're still on schedule and on budget,

Payne said. Payne also gave the IOC the

said should emphasize the athletes — "the real stars of the show." The first full outline of the ceremony will be presented to the IOC in December, he said.

Savannah has been con-firmed as the site for yachting. Anita DeFrantz, the U.S. member on the executive board, asked Atlanta officials to confirm that the Savannah Yacht Club is not connected in any way to the Olympic competition. The club has been accused

membership practices. Also briefing the IOC board Sunday were organizers of the 1998 Winter Games in Nagano, Japan, and the 2000 Summer Olympics in Sydney, Australia.

of racial discrimination in its

Nagano organizers were surprised by a request from IOC president Juan Antonio Samaranch to consider adding snowboarding to their program of sports. Nagano, which agreed previously to add curling and women's ice hockey, said it would study the request, which involve extra costs.

Sydney introduced its recently-appointed executive director.

Gary Pemberton.
"It was pretty straight forward," he said. "We've got no hig issues, no decisions. It was just a matter of reporting in a fairly routine way what was With the close of executive

board meetings Sunday, the Centennial Olympic Congress takes center stage here this week. After the arrival of the Olympic flame Monday afternoon and the opening ceremony Monday night, officials from around the world will spend four days debating the future of 19 opening ceremony, which he the 100-year-old movement.

SIDELINES

Dawes Sweeps Gymnastics Medals NASHVILLE, Tennessee (AP) - Dominique Dawes has be-

Come the United States' newest golden symmast.

Dawes added four individual gold medals to the all-around title she won this weekend at the National Gymnastics Champion-

ships, becoming the first gymnast to sweep all five medals since Joyce Schroeder did it in the AAU nationals in 1969.

The Gaithersburg, Maryland, standout beat the two-time world champion Shannon Miller of Edmond, Oklahoma, Miller won silver medals in each individual event after finishing second in the

Kingdome Not Ready for Seahawks

SEATTLE (NYT) - The Seahawks will probably play at least two of their first home games at Huskie Stadium because repairs to the Kingdome, which resulted in the deaths of two workers on Ang. 19, will not be completed in time for their home season

opener against San Diego on Sept. 18.

Gary Wright, the Seahawks' vice president of administration.

Gary would meet with city officials and representatives of the King of San Diego. the Kingdome on Wednesday to determine a timetable for when the team could return to the stadium.

Drummond Ends Christie's Streak

RIETI, Italy (AP) — John Drummond of the United States upset the Olympic and world champion Linford Christie of Pritain in the 100-meter dash Sunday at the Rieti Invitational

track and field meet. Drummond's meet-record time of 9.99 seconds matched his personal best and easily outpaced Christic, who finished in 10.06. It also purs an end to Christie's string of dominance at international meets. The Briton turned in the year's second-fastest time of 9.91 in winning the 100 at the Commonwealth Games on

Holding a Lofty Football Standard

MINNEAPOLIS — Warren Moon, the Vikings quarterback, and leff George, his counterpart for the Atlanta Falcons, have

some heady records to keep up with this season. Moon has passed for more yards than any other quarterback in professional football history. In 16 seasons in the Canadian

Football League and the NFL, Moon has passed for 54.913 yards. or 32 miles. Since 1990 he has a 62 percent completion rate. Meanwhile, Atlanta quarterback Jeff George enters the season with 202 straight passes without an interception. His 1.5 percent interception rate last season was third-best in the NFL. He had only six interceptions in 407 attempts and threw only two interceptions in his last 361 attempts.

For the Record

Rui Filipe, the Portuguese soccer star, was killed early Sunday when the car he was driving crashed near the northern town of Porto, where his first-division team is based. (Reuters)

Japan's volleyball team beat the United States on Sunday at the Tokyo meet of the women's volleyball World Grand Prix. (AP) Brian Watts, of the United States, shot a 67 Sunday to win the 100 million yen (\$1 million) Hisamitsu-KBC Augusta Golf Tournament in Shimacho, Japan, for his third triumph of the season.

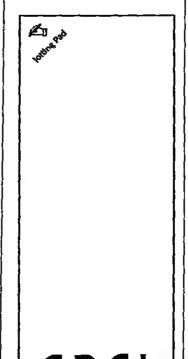
Monica Seles, absent from the professional tennis circuit for nearly 16 months, says she is still thinking about tennis but is reluctant to say when she will return.

Jennifer Carriati is moving with her family from the Tampa.
Florida, area to Palm Desert, California. A year ago, the teen-age tennis sensation Jennifer Capriati bowed out of the U.S. Open in the first round at the hands of unberalded Lela Meshki. The time since then has been spent in turmoil for the 18-year-old, who was apprehended in February on a shoplifting charge and in May on a charge of marijuana possession, a misdemeanor.

Bert Yancey, a professional golfer for more than 30 years, collapsed and died Friday while practicing for a Senior Tour event in Park City, Utah. He was 56. Jamie Brandon, a 23-year-old former basketball player for Louisiana State University, is free on \$150,000 bond after being accused of kidnapping and raping a former girlfriend. (AP)

Ouotable

• Todd Woodbridge, who has been doubles champion at Wimbledon the past two years with his partner Mark Woodforde, is hoping to qualify for singles' competition at the U.S. Open: "I don't call myself a doubles specialist and it does annoy me a little bit that people think of me like that. I'm a full-time player and not a one-game specialist."



the architects of lime

20 Rarely 23 Zero 24 They use lassos

25 Product with Ammonie-D 31 Counterpart of 32 Jai ---

33 Kind of cow.

dog or horse 36 Hercule Poirol's

42 The last word? 43 Seamstress 44 Cons 45 TV secretary 47 New York'e Island

50 Wide's partner 58 Double-reed 59 "The Wind in

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30 Pub draught 33 ---- gin fizz 34 Otherwise 35 Like some 37 Intertwines

39 Small wonder 40 Blunder 44 Addison contemporary Richard

38 Flows forth

45 Plapped (down) 40 Peace maker 47 Like some

48 No-no 49 Eschew 50 Cuba's Castro 52 Had on ET --- Capear

54 loe Chunk 55 South American capital 56 "Honest" one and namesakes

57 Essence



Solution to Puzzle of Aug. 26



LANGUAGE

Stay-Backs, Prebriefs and Memory

By William Safire

WASHINGTON — When the general counsel of the Treasury Department, Jean E. Hanson, characterized a conversation she held with Bernard Nussbaum, then the White House counsel, as a "stay-back from the Waco prebrief," she inadvertently opened the gates to heavy linguistic investigation.

Hanson, a veteran New York lawver not heretofore known for a poor memory, established a record in the farrago of forgettery. However, lawyers these days are advised by other lawyers never to say: "I don't remember"; it sounds evasive. Five times in one day did she invoke the more artful phrase: "I do not have an independent recollection" of events recounted in her own memoranda earlier this year. A Harvard law professor, Charles Ogletree, informs me this means "recollection without aid or assistance."

The phrase, not yet in Black's Law Dictionary, is usually followed by the testimony that some incontrovertible document "seems to be correct"; if not, the questioner uses the verh refresh, as in the 1946 New Yorker cartoon supplied to me hy Professor Monroe Freeman of Hofstra University, showing a lawyer sitting on a witness's lap and saying: "Does this, by any chance, refresh your memory, Mr. Fillgate?"

refresh your memory, Mr. Fillgate?"

George Stephanopoulos, President Clinton's chief policy aide, tried a variation when a calendar was produced showing him in a meeting with Treasury Secretary Lloyd Bentsen: "I have no specific memory of the meeting." The qualifier specific protects the wimess from the assertion that he doesn't remember it at all. Neil Eggleston, an assistant White House counsel, noted the word's legal resonance when he told a senator: "I don't have any specific recollection, and I tor: "I don't have any specific recollection, and I

don't mean that as a word of art."

Senator Alfonse D'Amato, Republican of New York, noted with some asperity that Bentsen's chief of staff, Joshua Steiner, was hacking away from forthright observations written in his diary, as in his report that Stephanopoulos said of an investigator: "Find a way to get rid of him." Observed the senator: "Words have meaning, Mr. Steiner." However, he then said that he found it "incredulous" that the aide would try to refute his own diary. Incredulous, from the Latin credere, "to believe," means "unwilling to believe"; incredible means "hard to believe." There is a difference: I am incredulous at your incredihle statement. The senator could find hacking for his usage in Shakespeare's comedy "Twelfth Night" — "no incredulous or unsafe circumstance" — hut even the complaisant Marriam-

Webster's Dictionary of English Usage suggests we restrict incredulous to its "disbelieving" sense. You think it's being a pedant to insist on a difference between imply, "to hint," and infer, "to draw a conclusion from"? (Correct: 1 infer

that you are implying I am a pedant.)
Representative Pete King, Republican of New

York, noted that White House Counsel Lloyd Cutler testified that nobody at the White House "ever told him or implied" that the White House was negotiating limits on an investigation. But he charged that Deputy Treasury Secretary Roger Altman's diary "had that inference." Wearily, Altman replied: "One could argue that there is a difference between implied and inferred. I don't

know." He does now.

What's a stay-back? This is apparently a fresh political term: I have been unable to find it on any of my data bases except as a name. However, we have a clue in the development of the verb "to drop hy," or pay a brief visit, to the political noun drop-by, as in "I won't attend his embarrassing event, but maybe I'll do a drop-by when photographers have gone." A similar construction goes from the verb "to pull aside," to the diplomatic noun, a pull-aside, which means "a private meeting at a public event." A stay-back, which I hyphenate on the analogy of the above terms, means "a meeting after a meeting, as some of the participants remain behind," according to a Treasury source speaking on stay-background.

A prebrief, "information disseminated before an event," is the opposite of debrief, which is spilled afterward. Both are both nouns and verbs. Both began as Pentagonese, with prebrief launched in 1982 ("extensive prebriefs and sequential reviews within the Component"). Law-yers picked it up: "A trial hrief gives you the ahility to prebrief the judge," Mark A. Domhroff wrote in a 1983 Legal Times. It is now White House jargon for "a hriefing held before a presi-dential trip or meeting to enable the press to understand its significance."

The main controversy in this early stage of Whitewater is the propriety of the Treasury Department's giving the White House advance notice of a criminal referral from its ward, the Resolution Trust Corp., to the Justice Department. To those who think the notification gave the Clintons an advantage that other witnesses or suspects do not enjoy, the warning was a tip-off, or alarm bell or inside information; to the president's defenders, the locution for the controversial alert was a heads up.

That term was given exhaustive analysis in this space a year ago, when the deputy director of central intelligence went to his boss, Robert Gates, to - in his words - "give the director a heads up" that the attorney general would be calling. Although one adjectival sense is "alert, wide-awake," as in a player of "heads-up ball," the usage most common today is the noun for

The White House choice of heads up was adept; it carries the connotation of innocent alert that any political outfielder would give another. lest he get hit in the head by hardball tactics.

New York Times Service

Backed by Hollywood, Arau Starts 8th Life

By Guy Garcia

NAPA, California — The fabled vineyards of the Napa Valley in California shimmer under the midday sun as Alfonso Arau swoops between the green rows of grapes and flaps his arms like a butterfly. Holding an oval paddle of gossamer cloth in each hand, the acclaimed director of "Like Water for Chocolate" bends his knees and does a slow, undulating dance as he leads the cast in a rehearsal for his new film, "A Walk in the Clouds." When the scene, which takes place at night during a sudden frost, is actually shot, the nocturnal gloom and billowing clouds of smoke from smudge pots

will add an ethereal dimension. "It will be like a dream," explains Arau, who also sees the moment as a mating dance between the two central characters. "At one point, they will face each other," he says, moving his hands as if underwater, "and it will be like they are making love."

Aran is a proven virtuoso at transforming human passion into luminous metaphors. In the 1993 film "Like Water for Chocolate," the young heroine's strong emotions have a habit of flavoring her cooking, causing people who eat her food to hreak into torrential tears or emit literal sparks of desire. Since its release last year, the film has earned \$21.6 million in the United States alone, making it the highest-grossing independently pro-duced foreign film of all time in the United States.

A youthful 62, Arau is enjoying his success with the measured pride of a seasoned show-hiz veteran. Before he directed "Like Water for Chocolate" — which was based on the best-selling novel by his wife, Laura Esquivel — the former ballet dancer and Sam Peckinpah protege had already tasted fame as an actor and stand-up comic, been the host of his own television variety show, and toured Europe and Latin America as a mime. "It has been a long career —

like seven lives," he says.

Now, Arau is back behind the camera, directing his first full-scale Hollywood feature. And while the stakes are high, he remains relaxed. Yet he knows that film history is littered with the ocuvres of talented foreign directors

who were gobbled up by the studios, only to see their artistic stock plummet.
"It was very scary, accepting the offer from Hollywood," Arau says, "because you hear all these stories about how the studies kill every new



Mexican director Alfonso Arau, on location in the Napa Valley.

director, how they hire directors because of their success and then try to change them, making them conform to a commercial formula. That hasn't happened in my case."

Based on Alesandro Blasetti's 1942

film, "Four Steps in the Clouds," A Walk in the Clouds" is set in the fictional California vineyard of Las Nubes (The Clouds), immediately after World War II. Keanu Reeves portrays Paul Sutton, a returning GI who falls in love with Victoria Aragon, the daughter of a wealthy Napa vineyard

As in "Like Water for Chocolate," the two lovers are separated by circumstance and convention, in this case, Victoria's disapproving father, who is played by Giancarlo Giannini, and Paul's estranged wife. Prevented from consummating their love, Paul and Victoria's emotions are expressed through the sensual rituals of the wine harvest and the transcendent beauty of the northern California landscape. Arau admits that superficially at

least, there are thematic similarities between "Like Water for Chocolate" and his newest film. He says he auditioned more than 300

actors and actresses before settling on a cast that includes the Spanish actress Aitana Sánchez-Gijon as Victoria; Freddie Rodriguez, a young Puerto Ri-can actor from Chicago, and the Mexi-can actresses Angelica Aragon and Evangelina Elizondo. At the last mo-ment, Anthony Quinn signed on as Don Pedro, the patriarch of Las Nubes.

While Aran defends the director's prerogative to cast anyone he wishe in a role, he also feels a persona responsibility to try to hire Latinos whenever possible. In fact, Arau agreed to direct the film on the condi-

tion that he be allowed to change the ethnic identity of the vineyard owners. The original script "was about an Italian family in Napa," Arau recalls, "I liked the idea of the old values, the family, the vineyard and the earth. I told the producers I would like to change the story and make it about an upper-class Mexican family, because it was closer to my own experience."

Arau also wanted to send a positive message to American audiences who have been bombarded by negative images of Mexicans.

Arau has spent most of his life going after what he wanted. The son of a Mexico City dentist, he was studying to be a doctor when he fell in love with a ballerina "I started to visit her at the ballet," he recalls, "and one day I made a crazy move. I left medical school and became a ballet dancer."

At the same time, Arau was studying drama at the University of Mexico and beginning a career as an actor. In 1959, he left Mexico for Cuba, where he was the star of his own television

variety show, "El Show de Aran," Five years later, Arau decided "it was time to go" and he moved to Paris, where he studied pantomime.

At the end of the 60s, he returned to Merico and dimensal his first film. Mexico and directed his first film, The Barefoot Eagle."

Soon afterward, Sam Peckinpah arrived to film his 1969 western, "The Wild Bunch." Peckinpah, who gave Arau his first role in an American film as Lieutenant Herrera, the right-hand man of the murderous General Mapache, took a liking to the young au-teur. "Peckinpah knew that I had just directed my first film the previous year, so he kind of adopted me," Aran

"Like Water for Chocolate" was his sixth film. He and Esquivel mortgaged their home to help raise the roughly \$2 million hudget, which was large by Mexican standards. To Arau's surprise, the film went on to become an international hit

But it also took a toll on his 18-year marriage. He and his wife divorced last year. "It was like a terrible price that I had to pay for this success," Arau reflects. "But life is mysterious. Life gives you a lot, and life takes a lot from you at the same time."

Guy Garcia, the author of "Obsidian Sky," an anthropological mystery set in California and Mexico, wrote this for The New York Times.

WEATHER



North America Showers will dampen the Great Lakes states and Ontario into Wednesday, Washington, D.C., through Boston will likely have show-

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POSTCARD

Mystery Writer Finds Rich Soil in Unglamorous Newark

NEWARK. New Jersey — The sky hung low and opaque, cut by rows of dull wire towers. Market Street was teeming with sweaty bodies and vendor carts. Inching down the sidewalk, Valerie Wilson Wesley absorbed the complex rhythms of Newark, memorizing each detail.

In the city's disorder and decay, Wilson Wesley sees rich material for murder mysteria.

"Newark is such a survivor," she said on a recent walk through the crumbling Central Ward. "There is so much to write about here, and it's all uncovered ground."

In "When Death Comes Stealing," published last month, the author describes Newark as "an old fighter who won't go down for the count." The book's heroine is Tamara Hayle, a black private investigator raising a son alone. The plot: Someone is killing young black men. The twist: The victims are sons of Hayle's shady former

husband. With her own son's safety in mind, she resolves to find the murderer.

Like Newark, there is very little glamorous about Tamara Hayle. Other literary sleuths may write poetry and travel to Europe. She shops at Pathmark and commutes on the New Jersey Turnpike.

Hayle is a former Newark police officer who quit when another officer harassed a teries. Her first, "When Death Comes car full of black teenagers, including her always be a Newark girl." Stealing," unfolds against the backdrop of son Jamal. The police are dismissing the . In the first pages of the book, Hayle' Hayle to uncover the truth.

Wilson Wesley, 46, grew up in Connecticut and now lives in Montclair, a Newark suburb, with her husband and two daughters. Her husband, Richard, who grew up in Newark's Ironbound section, was the primary source for her book.

We would drive around on Sunday afternoons and he would point things out. she said. "I have a sense of the inner workings of Newark, but I need to know the city more intimately."

As a mystery locale, Newark offered what the author was looking for: a working class, predominantly black population, high crime rate and various social issues.
Newark also has ghosts. The specter of
the 1967 riots haunts Hayle.

They say a city becomes a character, and that's what I want to do with this place," the author said. "Maybe someday I'll pick a new setting, but Tamara will

the city's neighborhoods, which she hopes to harvest for a series of whodunits.

Things to harvest for a series of whodunits.

Things are coming back now, block rise are coming back now, block rise. are coming back now, block hy block rising from the ashes - like that Egyptian

Weaving through bleak neighborhoods, the writer pointed eagerly to signs of revival. She drove down Worth Street, a narrow, old-fashioned strip of brownstones that will appear in her next book.

People are always talking about how grand this place used to be," she said. "But there are good things coming up. Newark is going places; wait and see."

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